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Central Eurasia SUPPLEMENT

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Political Issues

Premier Denounced for Deceiving Russia

954F3404A Moscow SOVETSKAYA ROSSIYA
in Russian 7 Sep 95 p 3

[Article by Mikhail Postol, resident of Vasyuki, under the "Letter-Leaflet" rubric: "Enough Chicanery. An Appeal to Chernomyrdin by a Krasnodar Voter From the Stanitsa Atamanovskaya"]

[FBIS Translated Text] [Begin boxed item] Sacramental thoughts from the owner of "Our Home...": **"We will not build socialism all over again, and communism will always remain a phantasm."** "The date 17 December should not grow into the year '17.... Enough of making fools of our people! Enough deceiving our folk!" [End boxed item]

Viktor Stepanovich! I did not plan to appeal to you with this letter, but the entrancing serenades of "stability" and "the lifting up that has begun," and your "Hannibalian oaths" of your readiness to take upon yourself after the elections "the responsibility for taking a specific political line, proceeding from the experience of the past years," and "to guarantee a normal life for the simple man," which you brought down upon us from the balcony of your "Home" reminded me of a certain "son of a Turkish subject who met his end in terrifying convulsions." The same one who bewitched his credulous comrades in arms and any other blundering folk with "swimming pools of kefir," "marble staircases," and "Moscow in Vasyuki."

Everyone remembers your first appearance to the people. That very one, at the December Congress of People's Deputies of Russia, where you, aiming for the prime minister's seat, solemnly assured us that you were "for reforms, but only without the pauperization of the people!"

But already a month later, we heard from your people: "Well, how could it be done without pauperization? Without pauperization it is impossible!"

And in fact, one does not need to have completed a sabbatical at Columbia University or to have graduated from the Higher Political School; it is not even necessary to read the IMF circulars in order to comprehend that if there are not in the country millions of hungry, destitute, and plundered people, then where will the cash come from for various Shumeyko daughters to give birth in clinics across the sea, and the offspring of the Luzhkovs and the Popovs to pick up some sense in various Americas and Switzerlands.... If in Russia there are no indigent, deprived, starving people, then where will the cash come from for the newcomer "ladies and gentlemen" to frolic at all kinds of presidential and high-

society balls, carouse at various "Metropolises," and then "rest" from their "heavy labors" in the Bahamas or the Canary Islands, to bathe prostitutes in champagne, voyage endlessly in foreign lands "with a battalion of a showy suite," to purchase for millions of "bucks" mansions in Floridas and Californias, and to open personal accounts in Swiss and other banks? And in general: What would then become of these "universal human values" according to which a little pile of sated bloodsuckers can live like kings at the expense of millions of hungry people, thanks to whom the purses of the Mavrodis, the Borovoys, and the various Kopayevs grow fatter not by the day but by the hour—as the children of toilers languish from chronic malnutrition?

No, our reformers cannot do without the pauperization of the people! Without the indigent, without the hungry, tattered millions, what kind of democracy is that? It is no longer democracy, but the most genuine "totalitarian" socialism. Enough! **"We will not build socialism all over again, and communism will always remain a phantasm,"** you assured the denizens of your Home.—"The date 17 December should not grow into the year '17."

Well, as for socialism and communism, this, Viktor Stepanovich, is right up your alley. For almost your whole conscious, so to speak, life, you marched boldly in the front ranks of the very most "active builders of communism." And from loyalty to that "construction" there, look how far you came! From a simple little peasant hut. What a joke it is, it turns out, this socialism! Well now, and truly, what the devil is it to you, why would you go back to it, to socialism? It is not going to give you any more billions.

With such prospects—to return to socialism and to sit on a salary, even a prime minister's salary, with each step shadowed here by the party committee, there by the professional committee, here by the people's oversight, there by party oversight, here by the Militia Department for the Fight Against the Theft of Socialist Property and Speculation, there by the procuracy, and there by the KGB as well—no, you are no fools. And 1917, when one has Gazprom in one's pocket, is a completely superfluous matter. And after such a valiant experiment as privatization, yet. In 1917, as is known, plants and factories were taken from a little pile of parasites in order to be given to the people, the unearned, grabbed, and stolen was taken and given to those who had created the wealth. Whereas your privatization took plants and factories from the people, took from the toilers that which they had earned by the sweat of their brow, that which was created with their hands, and gave it, figure it out, dirt cheap to a pile of crooks, both foreign and domestic. The various "Hoofs and Horns,"

that is to say, "funds," that were hatched from your "reforms" and sowed the country with toadstools, it has already been calculated by specialists, have pillaged from Russia's toilers not a little and not a lot, just an entire 23 trillion rubles, not counting a huge number of vouchers. And who knows how many of these trillions have migrated to the safes of the "fathers of Russian democracy" and their menials? After all, even the moneybags close to these "fathers" talk about enormous bribes during privatization.

Lord forbid that 1917 should return—what a misfortune that would be for you! You would be forced to give back those stolen trillions! And look, they make their way into foreign banks! And as much as \$100 billion has already made its way there, almost three annual budgets of Russia, pumped out of it, out of the pockets of Russian "property owners" by "all kinds of skilled craftsmen" and "businessmen."

And who knows what might happen—they could, after all, even ask about the "Western credits." And here too, it is not simple to make ends meet. If in Ryzhkov's time the USSR's foreign debt equalled \$27 billion, then already in spring of 1994 Russia's foreign debt had swelled, the experts say, to \$80 billion, and today it has reached \$130 billion. And the funniest thing in all these billions is the fact that Russia has not noticed any such "golden showers," but has only become more pauperized, while her "fathers" continue to solicit more and more credits from their foreign "sponsors." And we have to pay them back! And if 1917 should happen, they could think of a way to force those in whose safes "Russia's debts" have landed to return them! They could!

They could call you to account for destroyed Neftegorok, for the excruciating demise of its inhabitants. After all, five years ago in the Far East there were 20 seismic stations. Now only a handful remain. The rest were closed by your "reforms," Viktor Stepanovich! The result was monstrous! And plus the incompetently organized rescue operation: For a whole week, they could not provide a sufficient number of heavy cranes! And this increased the number of victims!

They could call you to account for the fact that, having provided the crooks with the most favorable conditions for the plundering of the country, you compelled other people to eat mixed fodder and simply to die of starvation. Today 47 million people, that is, 10 million more than a year ago, when your "stabilization" did not yet exist, live below the poverty line, which, translated into the Russian language, means—half starving! And 10 million are fed so badly that we are threatened with the degeneration of the nation. The country is dying out!

In the past five years, 25 million fewer people were born in it than in the preceding five years. Just from April 1993 to the present time, the number of voters alone has decreased by 2 million! In 1994 alone, 61,886 people ended their own lives. Five times more than the entire Union lost in the 10 years of Afghanistan! Today there are in Russia 2 million drug addicts, and the government, of which you say that it is a "government of profound and thought-out decisions," has reduced expenditures on care in drug-treatment departments, so that it is a profound and thought-out thing that doctors specializing in treatment of addiction lose their jobs. But after all, it is well known that one drug addict is capable in a year of drawing up to 15 people into his ruinous predilection. This is the kind of future that you are preparing for Russia, the real Russia, and not your "Home"!

But especially they can call you to account for the hungry little kids, who stand with little hands outstretched on the streets and squares of Russia, including in Moscow, right by the president and the prime minister, right by the Luzhkovs and the Gaydars.

You did wrong, Viktor Stepanovich, to hang over your head in your office on Staraya Ploshchad a certain two-headed bird. The true coat of arms of your Russia and the coat of arms of Luzhkov's Moscow is that very same babe with its little hand outstretched....

Even in the terrible years of the war, Viktor Stepanovich, the children of the great power did not know such mockery of themselves. Even in those hard years, the country did not throw its children to the whim of fate. For orphans it opened thousands of orphanages, Suvorov Military Schools and Nakhimov Naval Schools. Newborns at the maternity hospitals, as a present from the battling fatherland, were each given a set of linen. In 1943, despite the monstrous strain of energy and resources, the first All-Union Children's Book Week was held, and children's workshops were organized at the country's main theaters....

Your "reforms," Viktor Stepanovich, have taken the childhood away from Russia's children from working families, deprived them of the most elementary things, even candies, pretty toys, interesting books. Some 70 percent of families with three or more children live below that same poverty line, a beggarly existence.

You have taken away from the children of working Russia the pioneer camps and pioneer palaces, children's libraries and young people's theaters, sports and music schools, and other children's institutions that were liberally given to them by the Soviet state. Even education you—or more accurately, your "reforms"—have made the privilege of the sated. For them are the magnificently

outfitted elite schools; for the toilers—beggarly schools "for the masses," from which the teachers are fleeing. Even a free school education is becoming inaccessible to many. In order to outfit a child for school, you need money, which many, many toilers simply do not have! And last school year, 2 million Russian boys and girls did not work anywhere and did not study anywhere!

The children of Russia are being pulled into darkness and ignorance, into dishonor and unconsciousness, into a world of venality and vileness, violence and sadism. Today 670,000 adolescent delinquents are being "monitored" by the Russian police. In 1994, more than 200,000 crimes in the country were committed by minors. Every seventh crime today is committed by a child, and with especial cruelty. Today 50,000 adolescents are behind bars, 60,000 children are in special receiving centers, and there are from 300,000 to 1 million homeless children.

In 1993, more than 2,000 children committed suicide, unable to bear, to all appearances, the "charms" of your "reforms," Viktor Stepanovich.

Mercantilism, pornography, sex, drug addiction, alcoholism, prostitution, violence, and pimping have replaced in the lives of Russia's children the pioneer movement, military-patriotic education, and work in primary-school brigades, all of which have been spat upon, mocked, and exposed to public dishonor by the "reformers." Just in Moscow alone in 1993, more than 200 dens were operating with the debauching of juveniles. By 1992, a quarter of all of Moscow's prostitutes were little girls under the age of 12. On the subject of how many of them there are today, your statistics are silent. It is monstrous, but a fact: Some 64 percent of polled graduating high school students have a positive attitude toward engaging in prostitution for money. The children of Russia have become a commodity! They are stolen, they are bought, they are sold for "spare parts" for foreign moneybags, for the perpetration of crimes. They are sold in the bordellos of the West and the East. The brothels of Israel, eyewitnesses testify, are filled with teenaged Russian girls. Who delivers them there and how is a "commercial secret"....

The open spiritual debauchery of Russia's younger generation is under way. A purposeful selling off of Russia's genetic fund—essentially, of Russia itself—is under way.

Such obscenity is something that the country had not known in all of its history. And you are honoring it with the titles of "reforms" and "Russia's spiritual revival." To agree with you would not be forgiven by the earth itself—it would not take us to its bosom....

And now, if we return to your incantations, I do not know, Viktor Stepanovich, how it will be with communism—time will tell. But you have truly turned our life into a phantasm; our salaries, pensions, and grants you have indeed and truly turned into phantasms. To what this could lead, you understand very well. That is why you frighten Russia with the year 1917. That is why you bustle around with your Home, calling together in it all the moneybags who are fattening off the hunger of millions. Just yesterday from your circles came winging malicious defamations aimed at the CPSU for the fact that it was the party of power. Today you yourselves are knocking together a party of power, but now not of toilers, but of fat cats, of bureaucrats, presidents, and mayors, ministers, and governors who have fattened on power, all kinds of heads and directors, shopkeepers and bankers, stock-market scamsters, and speculators. And you inspire them with enthusiasm: We will be victorious. The guarantee of this is the support of the president!

And it is as if you do not notice the savage cynicism of your revelations: You will win not because you are supported by the people, by Russia, but with the support of the president! especially since, if one is to believe the "people's elect," it was he who commissioned you to form your "bloc." And it is no secret that behind the president looms a foreign White House. It is also no secret that it was after your trip there that you began to hurry along with the "Home." Was it not to put on a show that you made that voyage, Viktor Stepanovich? And was it not in that house that you got the okay for your "Home" in Russia?

In a word, your "only without the pauperization of the people" has turned out to be a "swimming pool of kefir." And you continue to limn for us "marble staircases": "Enough of making fools of our people! Enough deceiving our folk!"

In an analogous situation, our fame-worthy precursor came to a sad but honest conclusion: "I have not amounted to any Count of Monte Cristo. I will have to get retrained as a house manager." Perhaps you also ought to follow the example of that Ostap-Suleyman, Viktor Stepanovich? "Enough of making fools of our people! Enough deceiving our folk!"

Vilchek on Election Campaign Coverage

954F3391A Moscow MOSKOVSKIYE NOVOSTI
in Russian 13-20 Aug 95 No 54, p 20

[Interview with Vsevolod Vilchek, codirector of the Commission for Television and Radio Policy, by MOSKOVSKIYE NOVOSTI correspondent Yuriy

Bogomolov; place and date not given; under the rubric "Mass Media": "Start After the Finish?"

[FBIS Translated Text] The current election campaign will be more contentious than ever. And on top of this in the field of television it promises to be more chaotic than ever because the rules of the game still have not been worked out. The well-known instruction recently made public by the CEC [Central Electoral Commission] may be considered the first attempt at their creation. Since many of its provisions were criticized by specialists, MOSKOVSKIYE NOVOSTI asked Vsevolod Vilchek, codirector of the Commission for Television and Radio Policy, to comment on this.

[Vilchek] Before it is too late, the CEC needs to be asked in whose interests it intends to regulate television—the viewer or party bosses? The fundamental weakness of the instruction, which cannot be removed by any editing, is that it is oriented in its entirety toward the parties and puts television at their service. The approach the CEC demonstrates automatically assumes that a party is an active participant, while television viewers are the mute and passive majority of Russia.

In order to observe the interests of the latter, completely different rules of the game are needed. The main priority should not be the methods and norms of apportioning broadcast air time and dividing it between the parties—it should be transforming television into a testing ground for candidates and their programs, ensuring that journalists and experts, acting as authorized and qualified representatives of the audience, have the opportunity to conduct a dialogue with politicians on an equal footing. In other words, the iron rule that should be applied to the election campaign propaganda in broadcasting is that it be presented in a confrontational format. All other formats should be considered catering to politicians, a sign of "prearranged victory." In addition, I consider it absolutely necessary to leave to television the right to analyze and appraise political-economic programs. All talk that in this case both the position and the opposition can be overwhelmed and discredited is nonsense; even the practice of communist times does not support this contention.

The CEC's proposals on how to separate speakers-candidates in time so that they do not overlap each other on different channels are naive. In fact, this is the surest way to drive the viewer away from politics and politicians—all it takes is to put a hit action movie on the programming schedule. I would rather support the proposal of Sergey Torchinskiy: Create one or two dynamic programs that will be broadcast simultaneously on both channels.

[Bogomolov] And what do we do about the rights of viewers who are apolitical on principle? Push them into politics by force?

[Vilchek] Well, we are talking only about state television, after all. Thank goodness, there is now also a host of nonstate television companies, which by definition are oriented towards the private interests of both television producers and television viewers. As to the first two federal channels, the following should be kept in mind: They are terribly unequal. Channel 2 is preempted at will by local broadcasters. Only Channel 1 is in this respect a full-fledged all-Russia communication medium. That is, those television viewers who want to follow the peripeteia of the election campaign already are in a difficult situation. It is their right to the information I am talking about.

[Bogomolov] The situation with parties' paid programming seems terribly confusing.

[Vilchek] So far the subject has been free time on state channels. The instruction imposes restrictions on paid programming. It should not exceed free air time by more than a factor of three. Again, what is questionable is not the restrictions but the principle. Let us start with the point that its volume cannot be tracked. A different approach is needed. Restrictions should be imposed on the amount of money a party can spend on paid programming, instead of trying to limit air time itself. The money is deposited with the CEC, and the party gets a voucher book. All transactions with television companies will become noncash, and only noncash. Then it will be easier to monitor the situation and pinpoint abuses. All other restrictions (such as propaganda only on state channels, not commercial ones) are unneeded and meaningless. And it is good for the parties. It will enable them to choose the most expedient way of communicating with the audience. Daytime air time costs less, but if a candidate wants to win the hearts of a particular social group (for instance, housewives and pensioners), he can afford to buy daytime air time. Those who want to appeal to a different electorate will buy "prime time," but in lesser quantities. There is no equality in this either, but nevertheless the purse per se ceases to be a decisive factor.

Besides, had the gentlemen in the CEC occasionally watched television, they would have noticed that the election campaign on television has been in full swing for quite a while, and that by 15 November the electorate's basic attitudes will already have been formed: Zhirinovskiy will have been on the air 50 times, Lebed—19, and so on. Ryabov's logic is that winter comes after the heating season begins. The election cam-

paign is in full swing not only in on-air broadcasting but also on cable. On my home television set, I saw the Northwestern Municipal District broadcasting a commentary by Yuriy Vlasov—a deputy from Tushino—on political and economic issues. Normal pre-election propaganda, which nobody keeps a record of.

The campaign is underway, and let us not pretend that it will begin on 15 November. Free air time must be strictly structured, and paid programming limited to a reasonable amount. And nothing else. The only thing I would propose is for television companies to reach a sort of gentlemen's agreement not to "promote" particular political figures before 15 November.

[Bogomolov] What will the programs that have always served as an arena for political confrontations—such as "Chas Pik" [Rush Hour], "Bez Retushi" [Unretouched], "Odin na Odin" [One on One], and "Vzglyad" [View] do? They will perish if they are forcibly put on this "starvation diet."

[Vilchek] It is not necessary to go on a "starvation diet." What is needed, however, is certain ethics in covering political life. Meaning, not engaging in advertising of one or another figure under the guise of a documentary about him. Right now, Kira Proshutinskaya's program "A Man and a Woman" is ready and about to go on the air—a normal heroic-sentimental narrative about Sergey Govorukhin, who is running in the elections.

[Bogomolov] Politicians themselves are not known for their restraint. Quite obviously, they will sponsor not only popular political programs but also pure entertainment—such as "Poka Vse Doma" [While Everybody Is at Home] and "Chto? Gde? Kogda?" [What? Where? When?]....

[Vilchek] I think it is time to introduce the "paid" stamp on television too. If we cannot prevent buying, it should be legalized. Let a subtitle run across the screen during the broadcast: "Paid advertising." Seriously speaking, these programs are of course plum prizes and are most effective from the standpoint of propaganda. Because they appeal to the human subconscious. And in this area nothing can be regulated or controlled. There are no preventive means against a rigged game, here except journalist's personal and professional ethics.

Urals Association President Profiled

954F3387B Moscow OGONEK in Russian Aug 95
No 35, p 21

[Article by Anastasiya Zhukovskaya, under the "Russian Politics" rubric: "The Nine Spheres of Eduard Rossel"]

[FBIS Translated Text]

1. In the Sphere of the Past

Eduard Rossel was born in 1937, and almost immediately fell between the millstones of Stalinism. In 1941, on the wave of searches for the "fifth column" at the beginning of the war with Germany, his parents—Russian Germans—were repressed: His father was shot, and his mother ended up in a camp.

Rossel's nationality again "did him wrong" when he was a youth, when for this reason his documents were not accepted for enrollment at the military flight school. Thus it was that the future oblast governor became a mining builder.

He swiftly made a career from trust foreman to head of the Sreduralstroy central directorate—the largest not only in the region, but in the country.

In those years he met Yeltsin, then the chief of the construction department of the oblast party committee, and later, first secretary. They worked side by side for 25 years and more, although, as they assert, they never had more than close business contacts. But when Yeltsin found himself in disgrace and was literally prohibited from elementary contacts with the voters, it was precisely Rossel who, in 1989, organized a number of meetings with his fellow oblast residents for Yeltsin. He also supported the president during the 1991 putsch. In September 1993, after the dissolution of the Supreme Soviet and the Congress of People's Deputies, he made no political statements and de facto carried out the instructions of the president of the Russian Federation.

In 1990, Rossel was elected chairman of the oblast soviet and the oblast executive committee simultaneously, and on 18 October 1991, he was appointed head of administration of Sverdlovsk Oblast.

Everything went well until the Yekaterinburg governor advanced the idea of creating the so-called Urals Republic. Although Rossel made a point to stipulate that it was being created in conformity with Russian legislation and did not "lay claim to sovereignty, but acknowledges the supremacy of the laws and the Constitution of Russia....and sees itself as an equal subject of the Russian Federation—of the sovereign Russian state, but not of a federation of sovereign republics," President Yeltsin dissolved the Sverdlovsk Oblast Soviet, and on 10 November 1993 he dismissed Rossel from the post of head of oblast administration. It is said that a large role in this was played by the desperate cry raised by the presidents of the former Russian autonomies, now republics, who saw in the leveling of the rights of the components of the Federation undertaken by Rossel a dangerous undermining of their own exclusive prerogatives.

2. In the Sphere of the Present

The day after the dismissal, the Council of Leaders of the Urals Regional Association of Economic Cooperation, which includes six oblasts and two republics, elected Rossel president of the association. In another month, the disgraced politician, who had become exceedingly popular, became a deputy to the Federation Council. In the spring of 1994, he became a deputy to the Sverdlovsk Oblast Duma, and then its chairman. All of these posts he still holds today.

3. In the Sphere of the Future

The future of Eduard Rossel is fairly well defined. Having said, "A," he is also compelled to say the rest of the letters of the political alphabet—that is, his new governorship will inevitably be used to push through, in one form or another, the same idea of guaranteeing his oblast equal rights with the national republics.

4. In the Sphere of Ideas

He was a member of the CPSU from 1967 until its banning in 1991. Moreover, in his own words, "I left the party only because that was the president's order...."

At the same time, Rossel is a clear advocate of market relations and a multiplicity of forms of land ownership. He spoke out for the gratis privatization of housing and the privatization of unprofitable enterprises, including kolkhozes and sovkhoses, but "not by fiat, but in connection with the ripening needs of the workers."

But Rossel's main idea is the Urals Republic. Back in December 1992, during the Seventh Congress of People's Deputies, he stated that the state should not be governed from Moscow, that the government should make only the general rules of play, while the specific course of the reforms should be transferred to the regions. From there it was an inevitable step to the strengthening of real independence of the regions. The essence of Rossel's idea lies in the proposition that the components of the Federation should have equal rights and should have a territorial, not a national, principle of formation.

5. In the Sphere of Like-Thinkers

Rossel has no small number of like-thinkers—first of all among the leaders of Russian oblasts who are concerned with the same problems of state structure as he is. His authority among local industrial circles is high. If it were not for a request for anonymity, it would be possible to name several fairly influential like-thinkers of Rossel's in the Kremlin as well. Even among the advisers of the president himself.

6. In the Sphere of Opponents

Opponents, as usual, are likewise in no short supply—from his competitor at the last gubernatorial elections who flaunted his loyalty to the center to the prime minister, who sharply criticized Rossel during the Urals Republic drama.

7. In the Sphere of Hobbies

Woodcutting and playing the accordion. He decorated his shed in such a way that it even took first place at some contest of local scenic spots in Yekaterinburg.

8. In the Sphere of the Family

He is married, with one daughter and a grandson.

9. In the Sphere of the Self

Rossel, it is said, is distinguished by an incredible capacity for work and a punctilious devotion to his business. He believes that in principle, there is no such thing as a hopeless situation.

Tyazhlov on Role of Governors

954F3350A Moscow ROSSIYSKAYA GAZETA
in Russian 16 Aug 95 pp 1-2

[Interview with A.S. Tyazhlov, chairman of the Council of Governors of Russia and head of the administration of Moscow Oblast, by Anatoliy Yurkov, chief editor of ROSSIYSKAYA GAZETA, prepared for publication by Aleksandr Aleshkin; place and date not given: "The Power Vertical Will Not Hold Up Without Laws"]

[FBIS Translated Text] The majority of popular papers are increasingly becoming, if not a spokesman for the Center, then publications "fed" by the ideas, problems, intrigues, and life of the Center—this at best—or—more frequently—the interests of a group of persons inside the Sadovoye Beltway. That is, the lion's share of them is taken up with materials based on the problems (large and small, real and imaginary, national and specific, narrow) of the central authorities. The voice of the regions has, in fact, been muffled.

It is the intention of ROSSIYSKAYA GAZETA to change the situation in this area of the information domain as far as possible. To this end, specifically, we are beginning a new column—Governor's Hour. The papers intend to invite for cooperation in it the heads of the administrations of krais, oblasts, and other components of the Federation.

The correlation of rights and obligations between components of the Federation and the federal authorities,

their law-making and interaction in emergencies, environmental protection projects and earmarked investments in the infrastructure of the regions, the formation of centers that are complexes of federal significance on the territories of components of the Federation—these and other problems of vital importance to the regions will be discussed at these meetings.

We invited to the newspaper for the first Governor's Hour Anatoliy Stepanovich Tyazhlov. Our interlocutor did not shy away from the questions—"stumpers" and perfectly proper questions—remembering, evidently, the main commandment for the politician: to be understood is half the battle. What eventuated from our interview you, the reader, may judge for yourself.

The Governor's Hour interview was conducted by Anatoliy Yurkov, chief editor of ROSSIYSKAYA GAZETA.

[Yurkov] Anatoliy Stepanovich, what, in your view, is the present state of Russian society? Is it closer to civic unity or division?

[Tyazhlov] What should we all—the State Duma, the Federation Council, the president, the government—have done in recent times? We should have given the population a framework of statehood. What is meant by the executive? Who is a governor? Is he appointed by the president or elected by the oblast Duma? Or by the whole population of the oblast? We do not know. We are maintaining all authority in a state of suspended animation.

Perhaps it is to some people's advantage to keep us in a state of uncertainty. We knew all our lives, however, that we lived in a communist society, according to the moral code of the builder of communism. This is our mentality, we are habituated to this. But why are people not now told: Citizens, this is the society we shall live in, these will be the rules of life in it, this is what you should take as your reference point. But we confine ourselves to general, abstract talk: We are headed for the market, for democracy. This is both our trouble and our fault: We have not created either a political platform of the state or the structural framework of statehood. We should have begun with this.

[Yurkov] What do you call the structural framework?

[Tyazhlov] Everything. The power structures, say. The Federal Assembly, its duties, how it is formed, and so forth. The president. Further, the local authorities. Power at the level of the components of the Federation, in a sense. The next level—local government.

I believe that a mine is being planted beneath Russia. And neither the president nor the government nor the

highest federal authorities feel this as yet for some reason or other.

What kind of mine? Article 77 of the Constitution of the Russian Federation, which proclaims that each component of the Federation—kray, oblast—may adopt its own charters and laws. This is a conquest and the property of the population of the krays and oblasts. Previously we lived according to common laws: whether in Chukotka, Moscow Oblast, or Kishinev. Although living conditions varied.

Living not according to a common charter, but each in accordance with its own—this right has been won. Now the krays and oblasts are adopting charters and laws. And Russia will live in accordance with them. The significance of federal laws is diminishing. But we cannot permit each region to itself determine the boundaries of its independence and the powers of the authorities of components of the Federation. Otherwise we would get a Russia that is a patchwork quilt.

Unfortunately, the federal law on the delineation of powers is as yet only a project. The State Duma prepared its text and sent it to us, to the Federation Council. We took an "ax" to it. And I voted "against." Why? The Duma people had simply written in the law: The component itself shall be entitled to determine whether a governor is elected by the whole population or whether he is appointed by the oblast Duma.

What would happen in this case? In Voronezh the Duma would appoint the governor, in Moscow Oblast the population would elect him? Not to mention what would happen here to the Constitution and the principle of the separation of powers. If we have proclaimed the separation of powers, can one power appoint another? Is the oblast Duma the oblast administration? This is a nonsense. And we wrapped up the bill. The Union of Governors sent the president the corresponding proposal. A statement was signed: The registration of kray and oblast charters to be suspended until a federal law on the general principles of the formation of the vertical line of power has appeared.

Although I can let you in on a secret: I have here in my safe a package of documents, in which I ask the president to schedule elections for Moscow Oblast.

When I told the president and the premier this, they asked why. You yourself were an enemy of the issue being framed this way, we agreed on a temporary moratorium.

I told them: The president and the premier would defend Moscow Oblast against the claims of Moscow? Popov once wanted to unite Moscow and Moscow Oblast. What if some other Popov conceives a desire to do the

same? If you will not defend the interests of the Moscow region, call elections. I do not know whether Tyazhlov would be elected or someone else, but whoever is elected by the whole population would defend the oblast. He would oppose all unlawful attempts.

[Yurkov] You really think that Moscow Oblast needs to be defended?

[Tyazhlov] This matter has been removed for the coming years. Luzhkov and I have met, talked, and understood each other.

Earlier Moscow and the oblast could have been united by a presidential edict or a decree of the Central Committee and the Council of Ministers. The border of the oblast and Moscow could have been changed by a joint decision of Promyslov and Cherepanov.

[Yurkov] Which was done repeatedly.

[Tyazhlov] Yes, that's how it was. Today everything is prescribed in the Constitution. In order to unite Moscow and the oblast it is necessary to revise the article that points to all the components of the Federation, including Moscow and Moscow Oblast. The Constitution prevents the arbitrary establishment of a border. This can only be done with the consent of the components, with subsequent confirmation by the Federation Council.

[Yurkov] Anatoliy Stepanovich, but not all is well with the laws themselves either. Sometimes we complain that not enough of them have been adopted, sometimes we say that we are failing to observe priorities: We are not adopting those that are needed first and foremost. And the main problem is that the laws that have been adopted are not working.

[Tyazhlov] I agree: The laws are operating inadequately. The Union of Governors is aware of this problem and is working on it. But we need to understand and take account of a particular feature of the moment through which the country is living. We are living in very dynamic times. A law adopted to accommodate the realities of the present day becomes outmoded or operates negatively tomorrow. There should be feedback, therefore: How have society and the economy reacted to this law or the other? And the warning should go up to the top: What adjustments are needed? We should drop the attractive little *ikca* that we should write a law for 20 years and not change it.

[Yurkov] This is the theory. But could you give an example from life, as they say? How is the Union of Governors influencing the law-making process?

[Tyazhlov] We gathered in Yaroslavl for our latest meeting. And discussed the situation involving the legal status of the administration chiefs. It was ascertained

that there is no one document on this score. And so, for example, a collision arises: whether to cancel or not cancel my decree on the appointment of Travkin to Shakhovskiy Rayon. Remember?

We drew up a draft edict. We met with the president. We reported to him on our draft. He gave instructions to the various offices—the edict appeared.

The Union of Governors works in contact with the president. The style of the meetings of the head of state and the governors is businesslike. No general talk "about life." We work together on documents and harmonize interests and positions.

[Yurkov] And is there an office which exercises, as we used to say, control of performance? Could you cite a specific example of the efficacy, if I may put it this way, of local power?

[Tyazhlov] Concerning control. You do not create such an office. Everyone should plow his own furrow, worry about his own work.

Now about what local power can do. I am given an analysis: We are losing very well-qualified teachers who could continue to work. The reason: According to federal law, the teacher who is in receipt of a pension for length of service loses it if he continues to work. He has no material incentive, therefore, to remain at the school.

What is to be done?

The federal budget makes no provision for funds for this. What to do?

We were not about to touch the federal law, of course. We had to seek our own reserves. We adopted a decree: to disburse R7 billion from the local budget for teachers' pensions. So our veterans will be in the classrooms on 1 September.

[Yurkov] Everyday questions directly about the oblast.

First, the Moscow region has very many refugees from the flash points. How are they getting on? And the second question. The oblast Duma recently sent a letter to the president and parliament saying that only an Orthodox place of worship should remain on Sloping Hill. What is your view of this?

[Tyazhlov] The refugee problem is extremely serious for the oblast. They all want for some reason or other to live, if not in Moscow, then, at least, in Moscow Oblast. Because they are not far from the government here, and it is, generally, prestigious to live in the capital oblast. But what can we do? Some 330,000 families here are on the apartment waiting list. On the other hand, what is

to be done with these unfortunate people? I am forced, therefore, to make decisions which some people do not like.

Concerning the letter to the Duma. Both as governor and as a Russian baptized into Orthodoxy, I reply: The creation of places of worship of various religions on Sloping Hill is justified, it is a symbolic unity before the memory of the fallen defenders of the fatherland who lie side by side in fraternal graves: Orthodox, Muslim, Jew, Buddhist.

[Yurkov] Anatoliy Stepanovich, the most important question, perhaps, from present-day life. We all understand that the factories and plants are not yet operating at full capacity and that the talk about the success of the reforms is worthless. Are there signs of an improvement in the operation of the enterprises of the Moscow region?

[Tyazhlov] This is a very difficult question. For production to operate as it should, the legislative base governing the tax system needs to be revised. Its present base does not afford incentives.

But even were we to revise the legislation, we could resolve nothing. We need to eliminate the consequences of the collapse of the Union. The severance of business relations built up over decades has meant collapse, virtually, for some factories. This has hit Moscow Oblast harder, perhaps, than other regions. After all, it was traditionally the assembly shop of Russia, as it were.

But we are seeking and finding a way out of the crisis. The so-called Mytishchi Treaty is operating and gaining momentum. It unites the seven capital provinces of the CIS countries. This is not an attempt to resuscitate the USSR. It is an attempt—and quite a successful one—to revive integration under the new conditions and on a new economic basis.

I have been doing much traveling recently. I have friends in Central Asia and I am friends with their families also. I was even presented with an splendid racehorse and an oriental robe.

But it is not, of course, a question of gifts, although they are dear to me also. We are establishing mutually profitable economic relations. Enterprises of the oblast are obtaining cotton, leather, and even the so-called unrefined gold. We are selling in the near abroad buses and industrial equipment.

We support the economic reforms which the federal authorities are undertaking, of course. But not blindly, not giving, for example, some one form of ownership unconditional preference. In each specific instance it

is not theoretical lucubrations but the actual results of activity that are taken into account.

The Stroyopolimer Enterprise in Solnechnogorsk is operating splendidly. Even leasing is out of the question there.

We recently showed Boris Nikolayevich the Ramenskoye Borets Kolkhoz. Why should we reform it into a joint-stock company or break it up into tens, hundreds, of private farms if output per kolkhoz member here is higher than that of any Western farmer?

Or another graphic example. One rural construction works is headed by a 60-year-old fellow who is not all that well educated, but who has known how to adapt his work force splendidly to work under market conditions. A similar twin-enterprise is headed by a young knowledgeable engineer, but he proved to be of weak character, started whining, and made a complete mess of everything.

But according to theory, everything should, seemingly, have been the other way about: The young and literate one should have been heading the reform.

So reality confirms once again that not each and everyone may be treated exactly alike.

[Yurkov] Anatoliy Stepanovich, as chairman of the Union of Governors, you evidently have to agree to compromises when discussing serious problems of the state structure. After all, the differences in the positions of the governors of the most important regions are engendered by different factors. What are they, in your view?

[Tyazhlov] No, the Union of Governors is not monolithic. Nor should it be. Why? According to the Constitution, we are equal components. This offends many people even from the purely mercantile viewpoint, what is more. Why does the president of 300,000-strong Ingushetia have a private airplane and is met at the airport by a Chayka and security. And this is a subsidized republic. And the Rostov governor from a 3 million-strong oblast is shaken about in a threadbare train compartment.

A constant and painful topic which is debated in the Union of Governors is the status on the one hand of the republics, and on the other, of the krays and oblasts. The governors who head economically strong regions are asking: How long will the inequality go on?

My position is this. Russia's federal structure should remain as it is. Politically, the republics cannot be put on the same level as the krays and oblasts. Money is a different matter. All should be equal here. I stress

once again: The debate on this problem is not of a political nature but has economic implications. Jealousy is displayed when finances are distributed: Who pays the federal treasury how much, who only receives from it.

I shall avail myself of the opportunity and provide, incidentally, an explanation for the R560 billion which the Moscow governor was allegedly able to get from the federal treasury—supplementary to the oblast budget approved earlier. Some deputy colleagues publicly censured me for this.

We are talking about four programs not of oblast but of federal significance: the production of suburban-line electric trains, intercity and tourist buses, mini-buses for the handicapped, and domestic electric meters.

The urgent need for the organization and establishment of these factories arose owing to the loss of the corresponding capacity, which, following the collapse of the USSR, came to be located in the near abroad. Federal programs should be funded not from the oblast but from the federal budget.

[Yurkov] What is your view of the rural council movement?

[Tyazhlov] I consider the talk about the rural council and local government exaggerated. I am familiar with the former rural council. What did the village elder do in the last century? He kept an eye out for propriety and for problems caused by grazing and warned of the possibility of fires. He would take housewives to task, making sure that they did not empty out the ashes from the stove straight from the porch.

To what does he lay claim today? To the position of some local omnipotent little caesar. He declares the skies above his village sovereign and prohibits aircraft from flying through them. Some are striving to duplicate at the rural level the pattern of power in the upper echelons.

Local government, from my viewpoint, means village gatherings, public self-management committees, neighborhood councils, and other forms of independent public activity.

[Yurkov] Does the Moscow governor receive the public on personal matters?

[Tyazhlov] No, I do not hold citizen receptions. My deputies do this. And two call-in lines handle complaints and criticisms, what is more. One of them is a round-the-clock service. I am notified of all the complaints and I forward them to my deputies for consideration and the adoption of measures. Where necessary, I receive the citizens myself. But this is an exception.

[Yurkov] Have you decided on your position at the coming elections? Your forecasts: How will the campaign develop?

[Tyazhlov] My position is clear. I have been entrusted with heading the regional branch of the Our Home Is Russia election association. I shall make every effort to see that it wins the elections in Moscow Oblast.

It may be forecast with a great deal of probability that the mafia structures will do everything they can to obtain as many deputy's mandates at the coming elections as possible.

I shall refrain from citing specific names and addresses as yet, but there are disturbing facts. The undisputed leaders are being offered cases full of "green" not to take part in the competitive struggle. The obstinate face the threat of having their arms and legs broken.

It seems to me that the popular all-Russia publication ROSSIYSKAYA GAZETA would be doing a great service in making such facts public, in, say, the False Start, Gentlemen! column. As chairman of the Council of Governors, I, in turn, promise to help in eradicating such facts from our life.

Our Information

Anatoliy Tyazhlov, chairman of the Council of Governors of Russia and head of the administration of Moscow Oblast, believes that the vertical line of executive power can operate efficiently only provided that there is a clear-cut separation of the rights and obligations of the Center and the regions. And, as chairman of a regional branch of the Russia Is Our Home election association, adds that the power vertical will not hold up without laws.

Anatoliy Stepanovich Tyazhlov was born in 1942 in the city of Kopeysk of Chelyabinsk Oblast to a worker's family.

He is a graduate of the Chelyabinsk Polytechnical Institute. He worked as a stonemason and steel fitter at construction projects of the Urals, in Orenburg, and at the Baykal-Amur Main Railroad.

He built housing and industrial facilities in Moscow Oblast—in Orekhovo-Zuyevskiy, Yegoryevskiy, Noginskiy, and Pavlovo-Posadskiy Rayons and the city of Elektrostal. He was a leader of the Moscow Oblast Construction Committee and the Mosoblstroyaterialy Association.

In 1990 he was elected chairman of the Moscow Oblast Soviet Executive Committee. In 1991 President of Russia Boris Yeltsin appointed him head of the administration of Moscow Oblast.

In July 1995 the oblast organization of the Russia is Our Home movement was formed, and Anatoliy Tyazhlov was unanimously elected its chairman.

He is married with two children.

***Legitimacy of Constitution Questioned**

954F3472A Moscow ZAVTRA in Russian Aug 95
No 34, p 4

[Article by Aleksandr Nikolskiy, board member of the Moscow Oblast Organization of the Congress of Russian Communities: "Without a Fundamental Law — 'Seriously and for a Long Time'"]

[FBIS Translated Text] When one of the participants in the contemporary political process starts talking about Russia's current or, what is more, the future state structure, he invariably mentions in one way or another the so-called effective constitution. At the least, this causes surprise, because all these participants, and not just them, remember those events, during which the mentioned so-called constitution was adopted, or more precisely, not exactly adopted, but forced through. This was the time when the Constitution (Fundamental Law) of the Russian Federation — Russia, together with the RF [Russian Federation] Supreme Soviet, the White House and the larger part of Russian public law, was shot from tank guns. Public law in Russia began to be regulated by presidential edicts. The vote on 12 December 1993 and, correspondingly, the tallying of its results were conducted precisely on the basis of the edicts. And, if one may restore to memory (is it not a bit short among the current politicians?) all the circumstances which accompanied this vote, then it will turn out that there exists a more than adequate list of reasons, on the basis of which the so-called constitution cannot be considered to be adopted, and thus, in force. Let us list the most important of them.

1. The Law on Referendum, in accordance with which it was just barely possible to hold a legitimate vote on the draft of the constitution, had been abrogated even before the vote by an edict from B. Yeltsin and its provisions were not applied either during the submission of the draft to the referendum or during the determination of its results.

2. Among the other powers appropriated by B. Yeltsin was the formation of the central electoral commission. Thus, the very activities of the tsentrizbirkom [central electoral commission] formed by him are illegitimate and I would remind you that the so-called constitution was placed into force precisely by a decree of the TsIK [central electoral commission].

3. The standards for the adoption of the draft constitution, which had been established by an edict, were, to put it mildly, not too convincing for conferring proper legitimacy on such a serious document (I would remind you of them — more than a 50-percent "pro" vote from the total number of those participating in the voting with more than 50 percent of the total number of those listed on the voter rolls actually participating in the referendum). Thus, the proposed draft was supported by only a bit more than 40 percent of the total number of registered voters.

4. And even these 40 percent were forced to familiarize themselves with the text, for which they voted, just a bare 2 weeks prior to the day of the vote. It is clear that a significant majority of them did not even see the text, while most of those who saw it did not bother to read it. The basic motive for those who voted in favor of it was: the old law is gone — it was shot and to be totally without law — is impossible, so we will at least vote for what is being proposed and then see what happens. Can a document which has emerged in such a fashion seriously be taken as the will of the people?

5. Of those few sections of public law, which were imperially declared to be still in force, there remained the Federative Treaty. During the tallying of the referendum's results, however, it was forgotten and the votes were counted all together, for the entire territory of the RF, without a breakdown by federation components. And, indeed, in many of them, the voters voted against the draft and, in others, the participation was insufficient, while, for example, in Chechnya, which is currently being brought, by force of arms, into conformity with the so-called effective constitution, no one at all voted for this text.

This is enough, if you will. What has been stated is quite sufficient to make it clear to any unbiased person: in Russia at the present time, there is simply no Fundamental Law which has sufficient legitimacy and is recognized by the majority of Russian citizens as the necessary basis for public life and a state structure.

So what grounds are there for calling the draft submitted to the vote on 12 December 1993 an effective constitution? Only the one which was stated at the beginning of the article: the agreement of all the participants in the contemporary political process to consider it as such. And how could they do otherwise? The contemporary politicians were simply forced to accept the rules of the political game, which were imposed on them by October's victors. After all, it was only in accordance with these rules that they were able to be elected to the State Duma and the Federation Council, to be chosen for the Constitutional Court and to hold important positions in

the government and other organs of executive authority. To decline demonstratively to play by the dishonest rules and to decide to call black black and white white — would mean to remain outside the bounds of real politics. A difficult choice. To play honestly — means to postpone political self-realization for an indefinite period of time. To accept the rules of the game — means to become the bloodstained regime's accomplices. Most chose the second. And even the opposition members (and who, pray tell, is not an opposition member now?) do not call into question the so-called "effective constitution."

So, with such a, to put it bluntly, narrow political spectrum, the authorities are bringing us smoothly to the next parliamentary elections. The authorities' reckoning is logically faultless and, what is more, already confirmed by experience: the election associations and independent candidates, having made the decision to run for the State Duma, had thereby, as it were, signed a pledge to observe the rules of the game, according to which the elections proceeded. And, in fact, not a single one of the Duma factions decided even to bring into question the adoption of the constitution or even to raise the question of giving the Duma constituent functions. In doing so, this convocation's Duma testified to its own total political bankruptcy and this is a great pity, because it is presently the most legitimate organ of state authority in Russia. With good reason, the regime is expecting that the next composition of the Duma, to be elected already for a 4-year term, will accept the rules imposed on it and thereby consolidate the principles of the existing order.

This must not be tolerated in any event. The legalization of the usurper regime's authority "seriously and for a long time," just 2 years after the coup d'etat, must not be tolerated. This endless sequence of revolutions, when authority in Russia is changed only by violent means, must not continue further. This occurs because the revolution's winners manage to consolidate their authority and to establish their own laws.

Traffic in Foreign Cars Examined

954F3366A Moscow IZVESTIYA in Russian
31 Aug 95 p 5

[Article by IZVESTIYA correspondent Vadim Belykh: "Every Mercedes Must Be Stolen"]

[FBIS Translated Text] The abundance of Mercedes cars on the streets of Moscow amazes only foreigners these days. However, specialists of the RF [Russian Federation] MVD [Ministry of Internal Affairs] Science and Research Institute estimate that more than half the pool of these prestigious foreign-made cars have been

stolen or at the very least brought into the country illegally. We attempted to investigate how they found their new owners among the "new Russians."

The Robbed Is the Robber's Friend

While an absolutely legal Mercedes-800, clear of custom duties and taxes, costs up to 250,000 German marks [DM] in a car dealership, its twin brother with a less than sterling reputation goes sometimes for as little as DM120,000. The Russian price for a "clean" Mercedes-320 may run up to DM180,000, but a "black" one is sold for as little as DM80,000.

"Clean" Mercedes cars are bought mainly by solid organizations for representation purposes, or by very successful guys—those who have stolen so much money that it is embarrassing for them to be seen with such trifles as stolen cars—a member of a Moscow criminal group once educated me.

"The rest prefer not to spend too much. No, everything is done aboveboard, without tricks. You go to certain fast operators and place an order. Everything to the last detail: model, color, options. You are not an idiot and are fully aware that this will be a stolen car, but you do not mention it. They are not stupid either, and say nothing aloud about any illegal points of the transaction.

"And then a month or so later, rarely two, you get your toy, already registered and clean like a baby's tear from the standpoint of our beloved GAI [State Motor-Vehicle Inspectorate]. How they do this is supposed to be nobody's business."

Perhaps this is indeed supposed to be nobody's business, but actually this is not true. First of all, it is the business of the German police and members of Russian anti-organized crime units, who described for me in general terms the blueprint of the "first stage" of the Mercedes traffic from West to East.

There are several methods to deprive a German, Dutch, or Belgian bourgeois of his luxurious "wheels."

In the most primitive scenario, a professional car thief—as a rule, a Pole, Russian, Ukrainian, or Belarussian—breaks into the car he takes a liking to, and drives full speed to the former socialist camp border. His main task is to speed through Germany before the car is listed as stolen. Lately, his ability to pull this off has been greatly reduced.

Until recently there also existed another method. The stolen Mercedes was driven not to the border but away from it, in the direction of the garrison of Russia's Western Group of Forces. From there, it went by military transport to Russia.

The troops have been withdrawn, but the lucrative business survived, as did the people doing it, for that matter. Today former Soviet citizens try to organize on the territory of Germany special centers where serial numbers on stolen expensive cars are altered. They also manufacture counterfeit papers, to enable the cars' transit to the CIS. Not too long ago Moscow shadow car dealers were collecting DM50,000 to post a bond for their colleague arrested in Kotbus with stolen cars.

All these methods of separating luxury-class "wheels" from their owners are for quite unflappable people, however, working with a very indiscriminate clientele. Most Russian buyers of "cheap" Mercedes (medium-rich entrepreneurs, crime kingpins, artistic boheme, bureaucrats) want a certain respectability. They have no desire to become characters in an action novel. For such people, there is another method of obtaining cars, which over the past three years has become the main venue in this business.

It is fairly simple. Members of criminal groups engaged in the illegal car business travel around Germany, Belgium, and the Netherlands. As a rule they are Poles and former Soviet citizens who have settled in Poland. In the expanses of a united Europe they look for owners of new (no more than a year and a half old) Mercedes cars, who, despite good money and wealth, would not shrug off an opportunity to make a buck through fraud.

Next, a deal is offered. The car owner receives a modest lump-sum fee and does not notify the police for three days after the prearranged theft. This is enough time to get the car to Poland, usually the Lodz area, where a Russian transit center for stolen cars operates almost legally today. The "wheels" sit there waiting for disposition, while the owner, after rubbing his eyes with onion, runs to the police, and most importantly, to his insurance company.

Naturally, West European defenders of law and order are unable to find the car with such a difficult trail. And when they officially announce their failure, the "victim" gets the insurance money, which more than covers the expense of buying a new Mercedes....

Under the Cover of Zaporozhets

Now the time comes to deliver the Mercedes to its new owner. "Transit specialists" quickly leave for Poland.

The meaning of the operation is to make the stolen Mercedes into a car that has "lived" all its life in Russia and whose owner allegedly is driving it abroad on business. For this purpose, Russian license plates are attached to the car, and quite real engine and body serial numbers are written into thoughtfully procured blank

registration documents. No need to alter serial numbers. And the car quite uneventfully enters CIS territory.

As we were told in the RF Ministry of Internal Affairs, so far they do not know of any instances of criminal prosecution on such matters. So we had to conduct our own journalistic investigation.

In my search I discovered in the registration documents of the border services of Ukraine and Belarus more than a dozen mysterious Mercedes that transited from Poland to the Russian capital.

For instance, back in December 1992 a Mercedes-230E, license plate m 50-56 MT, crossed the CIS border, destination Moscow. This would be a routine thing except that exactly one month later, in January 1993, a Mercedes-250D with exactly the same license plate but a different body and engine serial numbers crossed the border in the same direction.

It did not take long to find out that in reality the m 50-56 MT plate belongs to a white Zaporozhets, whose owner could not even dream of owning a Mercedes.

While the trail of the Mercedes-250D was lost after that point, we did manage to obtain, with the help of the Moscow GUVd [Main Administration of Internal Affairs] ZITs [expansion unidentified], quite unambiguous information. On the basis of its unaltered body and engine VIN's it was—one can only guess how—registered in the MREO-4 [expansion unidentified] and was given—now completely legal—the license plate p 85-48 MN. Under which it runs undisturbed around Moscow.

By the way, the registration certificates of both Mercedes at the time they crossed the border also had the same number, which belonged, we later found out, to a Zhiguli-2109.

The same registration certificate was used later for getting another Mercedes-230 across the border. This car sported the license plate e 64-91 MT. In reality, this license plate is to this day registered to a Zhiguli-2109. I do not know personally whether its owner is aware that just recently a Mercedes minivan entered Russia from Poland through Brest, again sporting license plate e 64-91 MT.

Other plates used: z 42-25 MT, z 42-22 MT.

Judging by conversations with border guards, Mercedes ferriers most often prefer to pose as members of foreign representations in Moscow or companies with the participation of foreign capital. In this case they put yellow "R"-series plates on the cars.

These plates were being issued by the GAI back in 1990 to be put on the cars of foreign representation and foreign citizens leaving the USSR permanently. They were valid for exactly one week and were not required to be returned to the motor vehicle inspection. It was assumed that an honest foreigner, upon returning home, would throw the plates in the trash. It turned out that not everything was so simple.

On 16 June 1994 a Mercedes-200E, ostensibly issued to the Victoria company, passed through the Brest border control point bearing the license plate R 509612, issued in the past to the Embassy of Cambodia for the transit of a Zhiguli. Which nevertheless did not prevent the Mercedes being registered in the Western Administrative District with the plate k 130 VN/77 RUS.

In our research of the adventures of—let us not yet say "stolen," just "strange" at this point—Mercedes cars I was most amazed by their quite speedy registration. Judging by all the signs, luxury cars appearing out of nowhere trigger no questions on the part of GAI officers. In the Tushino GAI alone, three more Mercedes cars were discovered that had crossed the border bearing the same kind of sham plates.

A Mercedes-200D crossed the border bearing the plate R 509617 (issued in 1990 for a car belonging to the Finnish company Polar). In Tushino it was issued a legal plate, m 74-56 MN. In the same GAI, license plate m 77-16 MN was issued to a Mercedes-230D. It had passed border control as the property of the Belgian company Tracosa in Moscow, bearing the plate R 509609 (a plate issued to an Iraqi Embassy Cadillac); a Mercedes-230 entered Russia as R 509614 (plate issued to the BMW of Finnish citizen Ulla Maaria Tenhole). Registered in Tushino GAI and issued license plate r 36-18 MN.

Russian Roulette: Nobody Loses

My interlocutor sighed heavily and, enunciating each syllable, repeated once again:

"Either you were confused about something, or you are simply deranged. I have never heard of any Mercedes."

All of this actually already sounded familiar. In my search I visited several persons who had been registered as the owners of luxury cars brought from Poland. And several months later the registration was transferred, ostensibly by them, in a sale transaction. Almost all only learned from me that for a period of time each had owned a foreign-made luxury car.

The new owners of the "strange" Mercedes, on the other hand, are happy. They risk nothing, even if it comes out that these are stolen cars. The old owner does not care.

And for insurance companies it is too costly, as a rule, to bring the car back to West Europe after all the money that has been paid out. The Russian owner solemnly swears that he had no notion of any criminality when he bought his foreign-made car. After which the car is solemnly left in his possession forever.

Perhaps this is why Russian law enforcement bodies do not particularly burn with desire to pursue the suppliers of "black" Mercedes cars. The robbed is in reality an accomplice, and the victim is the insurance company. And all this is in Germany. On our territory, there is nonpayment of customs duties and corruption, but they are practically impossible to prove....

Therefore, "black" Mercedes cars usually show up in connection with joint Russian-German investigations of other crimes. As a side product, so to say.

The current situation suits a lot of people. The German who received his insurance money prospers. The thieves, middlemen, and owners of car consignment showrooms count their money. "Friendly" members of Belarusian and Ukrainian border services undoubtedly get their share too. And some Russians in police uniforms apparently are not left out.

It is hard to imagine that operations with "black" Mercedes cars could have taken place without the direct participation of GAI personnel, who provided license plates, blank registration certificates, seals, and passage on fake papers and false plates through half of Russia.... And the registration of luxury cars coming out of nowhere provides food for thought. Although they are not listed either in customs or on the domestic car theft list, the person registering this car must nevertheless explain where he got it. Judging by all signs, "particularly altruistic" GAI officers do not ask these questions and calmly register the Mercedes cars in the name of unsuspecting people.

And so we live. Meanwhile, according to the latest data, Russian big shots in the automotive business have begun to invest their money in Poland and Hungary. They set up dealerships for sales and service of.... Mercedes cars—over there, legal, though.

'Police Brutality' Spurs Fear, Complaints

954F3378A Moscow IZVESTIYA in Russian 1 Sep 95 p 3

[Article by IZVESTIYA correspondent Igor Rotar: "Fear: Today the Russian Citizen Is Afraid Not Only of Criminals, but Also of the Police"]

[FBIS Translated Text] "Police atrocities have become a nationwide problem. Today, not a single citizen of

Russia is immune against violence on the part of the police. Essentially, any of us can be beaten up by people in uniform without any cause, and, what is the most terrible thing, such actions practically always go unpunished. We send hundreds of protests to the Procuracy, and almost always receive the standard reply: 'Your statement has been examined. Violations of the law on the part of police employees have not been found.'" I was told by the head of the Society of Penitentiary Institution Wardens, Andrey Babushkin.

"Every month, Moscow nongovernmental organizations alone receive hundreds of citizen complaints of beatings and torture on the part of employees of the law enforcement agencies. Evidence of torture is published by human rights organizations and the mass media," notes a report by the public Center for the Furthering of Criminal Justice System Reform. Unfortunately, official statistics on lawbreaking by police employees do not exist. However, the scale of the phenomenon under consideration can be assessed indirectly from the results of various polls. Thus, according to data of a poll of the Society of Penitentiary Institution Wardens, 10 percent of the population is subject to violence on the part of police workers. According to data of the Nizhniy Novgorod sector of the Russian Federation Ministry of Internal Affairs scientific research institute, 46 percent of the polled victims of crimes in this relatively prosperous region preferred on this score not to turn to the police; and 38 percent of them did not do so for fear of yet greater unpleasantness. According to the data of a poll conducted by the Russian-American Nongovernmental Group on Human Rights, 43 percent of the population upon contact with the police experience negative emotions, and 27 percent of those polled responded that after having dealt with workers in the law enforcement agencies, their image of the latter had changed, with 81 percent changing for the worse.

"I deal with the problem of the GULAG—not the old GULAG, but the GULAG of today. In our center's archives, many letters are kept, testifying to incidents of torture, brutality, the tormenting of people. Not in some distant past, but now, in our day. It is paradoxical, but during the Communists' rule, there were not such atrocities on the part of the law enforcement agencies as there are today. The most favorable situation from the human rights point of view was during the time of the 'frightened Communists' (approximately from 1986 to 1991), but then the new powers that be woke up and even outdid their predecessors!" believes Valeriy Abramkin, leader of the Center for the Furtherance of Criminal Justice System Reform and member of the Council on Judicial Reform under the President of the

Russian Federation, who was in the past a political prisoner.

In Abramkin's opinion, today the country is divided into zones of influence of the communist and democratic mafias, and in those oblasts where the former nomenklatura rule, human rights are not violated in so open a fashion as in those regions where "democrats" hold power. "The Communists, over long years of rule, had elaborated a perfected system for removing someone objectionable to them: They prepared compromising material, put the apostate in a psychiatric ward. But the new authorities have not yet amassed such rich experience, and they prefer to act 'head-on,' with even greater cruelty and disregard for the law than their predecessors. In 1985, after I got out of prison, I was sent under police surveillance to a backwoods village in Tver Oblast. There I quickly quarreled with the local authorities. In order to get rid of me, they deployed a campaign in the local press—charged me with misappropriating 99 kopeks—I think that nowadays I would be dealt with more quickly and effectively. Although, of course, in some oblasts there are real democrats in power, without the quotation marks, and they behave in a much more worthy fashion than the Communists," says Abramkin.

At the same time, in Abramkin's opinion, today the police has virtually grown together with the criminal world. "And it may very well be that the level of criminality of the power structures is not a bit lower than the level of registered crime. I have asked my acquaintances and simply people whom I have met a question: Whom do you fear more—a police officer or a criminal? The sample, of course, was not a representative one, but the picture that emerges, I think, holds also in the polling of a large group of the population. So—elderly people and women still fear the ordinary criminal, men and adolescents fear the police officer, and as far as businessmen and merchants are concerned, they fear the police exclusively, and by no means any kind of mafia, as my prison acquaintances assert.... Between gangsters and the police, the spheres of influence are clearly delineated. From some trade points, tribute is taken by the police, from others, the mafia, and there are also areas of joint control," Abramkin believes. And, in the opinion of the human rights activist, "Criminals, as a rule, are even more sympathetic than police officers; they take less in 'taxes,' and it is easier to come to an agreement with them."

The former political prisoner's assertion does not seem unsubstantiated. It is interesting that, even when I have deliberately not dealt with this problem, I have fairly often had occasion to observe the distinctive way the police have of doing business.

Every weekend I go to the my dacha from the Kursk train station, and I very often observe the following scene: Police officers going though the trains collect tribute from drunks.

I turn finally to the official statistics (unfortunately, I was able to find data only for 1993, although one can scarcely doubt that today the situation has not improved): Charges were brought against 4,300 employees (5.8 percent) for violations of the law. More than a third of them were punished for concealment of crimes from registration, for falsification of evidence, for groundless refusal to institute criminal cases, and more than 500 agents—for collaboration with criminal groupings. Some 2,200 criminal offenses were committed by internal affairs workers themselves.

This has been tested on myself.

"It is possible that the human rights activists are exaggerating, even so. I need to verify everything from my own experience," I decided. Late in the evening, having taken along for courage my friend Maksim Kopylov, I set out along the capital's Gogol Boulevard. From experience, I already knew that at night they almost always ask to see your documents. In order to attract attention to ourselves, we each brought a bottle of beer with us.

And we did not have long to wait. Around midnight, two police officers came up to us (as I ascertained later, Pisarevskiy and Isayev) and rudely demanded our documents. I produced my documents, but at the same time asked what was the matter. My question frankly delighted the keepers of order: "Well well, he is waving his rights around! And he is probably drunk! All right, come along with us."

Thus it was that I found myself at the 60th Police Station. There it was again explained to me that it was best not to quarrel with the police, and sent me, without any medical examination, to detox. While the wise Maksim, who had not argued with the police, was sent home.

It is pretty boring and uncomfortable for a sober person in a medical sobering-up point—in the bright light, I never did fall asleep before morning. But I was even more grieved when I discovered the loss of 470,000. "We are responsible for the person, but not the money!" the guard smiled sweetly.

I decided to conduct the experiment staunchly to the end, and sent a statement of protest to the inter-rayon Presnenskaya Procuracy. In three weeks, I received a militarily laconic reply: "Your statement has been examined. Violations of the law on the part of police employees have not been found." "An enormous army of

executioners and torturers is at the ready. These cadres are not only professional; they are also psychologically prepared for this role. After all, one cannot make a person overnight into a torturer of another person; he must, like a man-eating tiger, first develop a taste for human flesh.... The crimes of law enforcement agency workers against citizens, beatings, tortures, illegal actions with respect to detained and arrested persons, inhuman conditions of maintaining prisoners—all this today represents not only violation of human rights; it also creates real preconditions for two terrible variants of development for our society: the unimpeded triumph of totalitarianism, and a social explosion, which, in the case of a state such as Russia, could lead to a world catastrophe," Abramkin warns.

Alas, after what has happened in Chechnya, this prediction no longer seems absurd. Bomb strikes across Grozny have convincingly proved to the whole world that, in order to achieve its goals, the country's new leaders, without thinking about it too hard, sacrificed the lives of women and children of the same nationality as themselves.

According to the assertions of the local residents, and of the military themselves as well, most often the people who were engaged in theft in Grozny were precisely internal forces and OMON [special purpose police detachment] soldiers.

A person accustoms himself very quickly to the sensation of license, to the possibility of easy money, and it does not do to comfort oneself with illusions that, on returning to the peaceful cities of Russia, police officers who have fought in Chechnya will instantly renounce the trade that they have come to love.

On the outskirts of Moscow, the car in which I am riding is stopped by three armed men in uniform. Having checked the contents of the trunk, a strapping OMON officer kicks the car hard, and, waving his assault rifle, tells me and the driver, "Get out of here!..."

Economic Issues

*Tariffs Force Closure of Major Petrochemical Combine

954F3365A Moscow PRAVDA in Russian 6 Sep 95
p 1

[ITAR-TASS report: "A Giant Has Been Paralyzed"]

[FBIS Translated Text] Production at the Tobolsk Petrochemical Combine, the largest in Russia, has been shut down completely. The main gas fractionation unit capable of processing 3 million tonnes of hydrocarbon raw materials annually is silent. The largest butadiene

plant is not operating. "It is impossible to imagine the consequences of the paralysis of this vast technological chain," L. Zhernakov, the combine's technical deputy director, believes. "The reason is simple: The incredibly inflated tariffs on railroad shipments have made further production senseless."

Even today about 600 tanks, most of which are empty, have accumulated at the combine's spur tracks. As specialists claim, they are the most explosive.

***Report on Liquidity Crisis on Moscow Money Market**

954E1371A Moscow KOMMERSANT-DAILY
in Russian 25 Aug 95 p 5

[Article from Department of Finance: "The Financial Market: The Apocalypse of Our Time"; and commentary by Mikhail Delyagin, director of the Economic Problems Group of the Analytical Administration of the President of Russia]

[FBIS Translated Text] The crisis on the Moscow interbank credit market continues to develop in depth and breadth. Russia is threatened with the shutdown of all the financial markets, including the currency and state securities market. The country's banking system is on the threshold of an extremely grave systemic crisis. Recent events, comments and predictions constitute our material today.

All the Financial Markets May Shut Down

The situation on the market continued to deteriorate yesterday. According to the estimates of experts, the market volume has tapered off to the minimum. The average daily volume of transactions was no more than 10-15 percent of last Friday's volume. The interbank credit departments at many commercial banks simply closed down yesterday. Hardly any new transactions were concluded, since there was no one who wanted to sell resources. The market-maker banks left the market. In particular, the ruble-dealing bank, Imperial, closed, and Rossiyskiy Kredit Bank placed no money on the market. The ruble deposits of MDM-bank have left the market, and Inkombank has closed its lines and temporarily ceased operations on the MBK [interbank credit] market. A few buyers on the MBK market tried to "close" at any price yesterday. According to information from Interbank Financial House, up to 2,000 percent per annum was offered on one-day credit.

In the words of a representative of one major bank, the situation on the MBK market yesterday evening deteriorated even more after Mosbiznesbank failed to place 400 billion rubles [R] on the market. The banker claims that this happened for a purely technical reason—

the modem at Mosbiznesbank allegedly broke down. As a result, lots of from R1 billion to R50-60 billion were left "hovering." A KOMMERSANT DAILY source stated that there was no doubt that Mosbiznesbank would return the money in the very near future, but this will no longer save the situation.

The crisis on the MBK market is also beginning to affect other sectors of the financial market. Given the stable exchange rate of the dollar on the interbank market on Wednesday, they purchased currency at R4,455 to the dollar. The same day on the trading floor of the MFD [Interbank Financial House] the rate also rose to R4,455 to the dollar. Yesterday, however, the interbank currency market in Moscow "shut down." On the floors where trading continued (MFD), on the contrary, a demand for currency began (the banks were trying to obtain rubles), and the dollar exchange rate fell to R4,380-4,410 to the dollar, with the rate on the exchange at R4,428 to the dollar.

The state bond market is also threatened. The initial OFZ [federal loan bonds] auction on Wednesday proved to be extremely difficult for the Ministry of Finance. With an emissions volume of R500 billion, R406 billion worth of bids to purchase the bonds were handed in, and moreover, the bids were extremely low. As a result, the Ministry of Finance, in order to distribute the minimum volume of bonds possible to declare the auction as being held (20 percent of the sum of the emission), had to raise the income of the securities dramatically. It is also worth noting that the proportion of client bids at the auction was unusually high—60 percent—given the fact that it was not over 30 percent at the preceding OFZ auctions. The results of secondary GKO [state short-term bonds] trading on Thursday clearly attest to the banks' shedding of bonds. This sort of way out can be taken, if only because, with a lowering of the bond quotations of virtually all series by 2-2.5 percentage points, the volume of operations with GKO exceeded R1.5 trillion. To compare: In the course of last week, the volume of GKO trading fluctuated within a range of R1-1.3 trillion, although the Central Bank additionally distributed R300-400 billion worth of bonds almost every day. Therefore, the dealer-banks, which just a few days before had gladly purchased state bonds, not only refused to buy them at the initial auction, but also began mass shedding of securities. Today there are obviously few people who can imagine the true scope of the crisis on the MBK market and its consequences. Under these conditions, the banks have obviously considered it more correct to have live money as a reserve.

A Strange Calm Reigns at the Central Bank

Tatyana Paramonova, acting chairman of the Central Bank, arranged a press conference for 1700 yesterday. Its subject had nothing to do with the crisis on the MBK market (you can read about the press conference in more detail on page 1). But Tatyana Vladimirovna was naturally asked a question about the situation on the credit market. In answer, she noted that the Central Bank was keeping constant track of the situation on the market and taking certain steps. In particular, having bought state securities from the banks, the Central Bank had thrown approximately R600 billion on the market. As a result, the situation today "is not as bad as might be expected," Ms. Paramonova emphasized. In answer to a question about whether the departure of the market-maker banks from the market was a planned action against the Central Bank, Ms. Paramonova stated that if this were the case, this was a blow, not against the Bank of Russia, but against the entire Russian economy. As for the Central Bank's next steps, the bank would from now on handle GKO transactions only "within the limits of our monetary-credit policy." KOMMERSANT DAILY gained the impression from experts that the Central Bank's reaction to the events on the market is so far not completely adequate.

As a source in the Central Bank informed KOMMERSANT DAILY, the situation that has arisen does cause some anxiety. In particular, various bank administrations sent several official memorandums concerning the situation on the MBK market to the management of the Central Bank. The official representatives of the Central Bank verbally expressed the fear that the crisis on the MBK market might lead to a systemic bank crisis in Russia. No decisions on this problem have so far been made, however. Moreover, the Council of Directors of the Bank of Russia has not even discussed the situation on the MBK market.

The Crisis Did Not Particularly Surprise the Bankers

A quick poll taken by KOMMERSANT DAILY showed that bankers are in many ways unanimous in evaluating the reasons for the crisis on the financial markets. In the opinion of representatives of Tandem Bank (a medium-sized bank, active on the MBK market), the roots of today's crisis go back to 1993-1994. The numerous financial speculations and nonrepayment of interbank loans had to have an effect sooner or later. At the promissory note center of Tveruniversalbank alone, the volume of hopeless bank debts displayed for sale is R400 billion. This is only the tip of the iceberg, however—the real volume of these debts is four- or five-

fold larger. In the opinion of specialists, this money is "irrevocably gone."

The many cases of nonrepayment of loans by debtor enterprises have also made their contribution to the deterioration of the banks' liquidity. Many banks have resorted to borrowing on the MBK market to patch up the "holes" that arise. In this case, long-term (for a period of three to six months) currency or ruble loans, at today's yardsticks, to both direct borrowers and banks, are covered by "short-term" (7-30 days) interbank loans. Many banks have survived through the difference in the rates.

The summer slump in income throughout all the sectors of the financial market (currency, interbank, operations with securities, etc.) also worsened the banks' situation. Many bankers feel that the well-known rise in the Central Bank's reserve requirements was the straw that broke the camel's back.

Mezhregionbank was the first "domino" on the MBK market. Drawn into orbit after that were the nonpayments of dozens of other banks, whose situation was tottering. KOMMERSANT DAILY has a letter that Promstroybank of Russia sent around to its branches on 14 August. The letter gives a list of banks (51) with whom it does not recommend doing business. After Mezhregionbank came Russian National Bank and Natsionalnyy Kredit Bank. The latter did not formally cease payments, but it made them with a substantial delay (one or two weeks). Resurs-Bank has temporarily ceased operations, and after that came the actual failure of Lefortovskiy Bank.

**Dynamics of the INSTAR Rate for One-Day Loans and
Dynamics of the Total Volume of MBK Transactions
Concluded on the Trading Floor of the Interbank Financial House**

Date	% per annum	bids to purchase MBK, billion rubles
21 Aug	76.71	1,279.9
22 Aug	120.81	1,142.3
23 Aug	172.72	723.8
24 Aug	350	21.6
24 Aug	2000	

Dynamics of the Volume of MBK Transactions Concluded at the MFD, in the Cross-Section of the Periods (billion rubles)

Date	credit period			
	1 day	2-3 days	4-7 days	7-30 days
21 Aug	991	8	101	40
22 Aug	1,214	14.8	17	24
23 Aug	692	1	30	0.5
24 Aug	11.6	0	10	0

Bankers Feel that the State Is Obligated To Intervene

In the opinion of bankers and independent observers, the situation that has been created requires the urgent intervention of the Central Bank. Sergey Ovsyannikov, chairman of the board of Mezhkombank, has proposed his own six-point plan. The banker feels that the Central Bank must: 1) temporarily abolish the reserve and thereby reinforce the liquidity of the banks; 2) take on itself the role of "creditor of the last instance" and use the centralized reserve fund for its purposes; 3) introduce an effective mechanism to monitor the banks' adherence to the technology of extending credit and supporting liquidity, and intensify the responsibility for artificial distortion of financial information and violation of the coefficients of liquidity; 4) introduce the principles of accounting adopted in international banking practice, which permit a better evaluation of the actual condition of a bank; 5) make it a rule to coordinate its actions with the main banks within the framework of work groups—at least in the form of preliminary consultations; 6) make it understood that an attempt to withdraw from solving these problems (as was done with Mezhtregionbank, and now on the scale of the entire country) will have negative international repercussions, and will intensify the distrust of Russia's banking system and give rise to a profound investment crisis, i.e., will run counter to the basic tasks of the government this year.

A representative of Avtobank thinks that there are at least two civilized ways to resolve the crisis. The first is nationalization of the bankrupt banks. The second is immediate granting of centralized resources to the banks. One of the variants of the second way may be for the Central Bank to grant credit to a number of trusted, safe banks, so that they will distribute funds and guarantee their repayment.

According to KOMMERSANT DAILY's information, the Association of Russian Banks held meetings all

yesterday. As far as we know, the ARB is also planning to come forth with its own proposals on saving the banks. The association's central idea will also be to "unseal" the reserves of the Bank of Russia.

A representative of a major foreign bank which has an office in Russia made an interesting comment. He evaluated the present Russian bank crisis as the culmination of a certain stage of establishing the Russian banking system, characterized by a concentration of bank capital and an amalgamation of banking institutions. Its result may be the liquidation of a large number of banks and an increase in the number of mergers and takeovers.

KOMMERSANT DAILY will pay close attention to the development of the situation.

Commentary

Mikhail Delyagin, director of the Economic Problems Group of the Analytical Administration of the President of Russia, comments on the situation on the capital's MBK market:

The scale of the crisis being observed is not yet completely clear. There is no doubt, however, that it is a question of a considerably more serious phenomenon than ordinary market fluctuations—it is a kind of "Black Tuesday" on the MBK market.

In our opinion, there are at least two long-term factors that are contributing to the exacerbation of the crisis. The first is the general decrease in the efficiency of banking activity, caused by the stabilization of the macroeconomic situation, the cutback in traditional speculative operations, and the intensification of competition.

The second long-term factor of the banking crisis is connected with the April cessation of financing the budget deficit through Central Bank credit, which created a tougher financial situation, not in principle. Russia's banking system is not yet fully emancipated from the state—budgetary funds are still among its most important resources, and the spread of the shortage of money from the budgetary sphere to the banking sphere and the conversion of the budgetary crisis into a banking crisis were therefore only a matter of time.

The crisis on the MBK market has the potential of leading to numerous commercial bank failures, a "domino effect" similar to the one the United States went through in the period of the Great Depression. At that time the United States, in the same situation, was convinced that a super-tough financial policy, acceptable during the period of crisis, was extreme under the conditions of the depression. After all, though, Russia has gone from a crisis to a depression just at the beginning of 1995.

In this situation, the intervention of the Bank of Russia is apparently inevitable. In principle, the situation can be stabilized by "unsealing" the reserve funds of the Central Bank or by having the banks that are experiencing financial difficulties bought up by their more successful colleagues. The basic trends that we have described, however, which exacerbate the banking crisis, will remain. It is hardly possible for the state to participate directly in the long-term plan for stabilizing the bank system. This participation can be shown either in the expansion of its control over the country or in a softening of the banking policy.

The first way consists of the state's buying large bundles of shares of the banks experiencing financial difficulties, with the subsequent reconstruction of these financial institutions. At first glance, this way is tempting, since it leads to establishing state control over the key financial sector of the economy, which in turn increases the controllability of the latter and makes it possible for the state to follow its own policy, and not maneuver agonizingly among the immediate interests of the major monopolies. It is the complete control over the banking system that is the key difference between the Chinese reforms and reforms in the countries of Eastern Europe, ensuring China a stable, and almost the fastest, development in the world. The problem, as always, lies in the fact that there are not enough Chinese in Russia. In particular, state management of banks will almost inevitably be less efficient than private management.

The advantage of the second way—softening the financial policy—lies in its balanced nature: After all, the negative consequences of an extremely tough financial policy lie not only and not so much in the banking system as in the budgetary and production spheres. The easing of the reserve requirements for commercial banks and the credit auctions of the Central Bank represent a reasonable mechanism for this softening. For them to be successful, however, the refinancing rate must be lowered, bringing it close to the market level, and this measure is extremely unpopular in the Central Bank. In addition, any softening of the financial policy violates the agreement between Russia and the IMF, and may lead to a cessation of the credit support for the Russian economy.

Today's situation may therefore be characterized as a "strategic stalemate," and we will not succeed in getting out of it until the negative consequences of the extreme toughening of the financial policy are shown in full measure.

***Banks Cooperate with Bankruptcy Administration**
954E1355A Moscow KOMMERSANT-DAILY
in Russian 24 Aug 95 p 5

[Article by Yelena Kuznetsova and Gleb Baranov:
"Authorization as a Means for Forming Financial-Industrial Groups: The Activities of FUDN-Authorized Banks"]

[FBIS Translated Text] At the present time, 91 Russian banks have become authorized by the FUDN [Federal Insolvency (Bankruptcy) Affairs Administration] to clean up enterprises. And whereas, at first, the reason for such activity would have seemed obvious—it was proposed that significant budget funds intended for debtors pass through these banks—now, when the hopes for a heavy flow of subsidies have dwindled almost to nothing, the line of banks desiring to assist the bankruptcy administration (every month the list of authorized banks grows longer by no fewer than 10) looks more intriguing. And even though the majority of the authorized banks surveyed by us stated that they were operating on the principle "it will not be worse," upon a detailed examination, it turned out that the new status gives the banks a number of substantial advantages all the same. Thus, for example, it is much simpler for an authorized bank to acquire total control over an enterprise in which it is interested. In any event, a number of large banks are using the status of bankruptcy administration-authorized bank as an instrument for the formation of their own FPG's [financial-industrial groups].

KOMMERSANT-DAILY: The statute on authorized banks was approved by the Federal Insolvency (Bankruptcy) Affairs Administration in February of this year. At that time, a list was made public of the first 11 commercial banks that received this status. In other words, the idea of establishing a group of authorized banks successfully survived all the "shake-ups" in the bankruptcy administration's leadership, which makes it necessary to assume the presence of a sufficiently powerful lobby inclined in its favor.

Most of the Banks Are Still Thinking

It is curious that the majority of bankruptcy administration-authorized banks surveyed by us, in the words of their representatives, for all practical purposes, are not operating as agents of the federal administration. However, as a rule, the banks describe quite uniformly the reasons that induced them to accept this status. Thus, for example, Alfa-bank President Andrey Rappoport believes that, if a government undertaking obviously does not promise losses and, at the

same time, assumes at least a hypothetical opportunity to derive a profit, then why not participant in it—after all, "the train may leave." In addition, some bankers have noted that, according to their information, if not in this budget year, then in the next budget year, all the same, there will be funds for cleaning up enterprises.

There is, however, an important point, to which not all the banks paid attention: It is significantly easier for an authorized bank to acquire the controlling block of shares of an enterprise. Correspondingly, if a bank intends to bring an enterprise into its own financial-industrial group, then the simplest way is to obtain the right to clean up this enterprise. Moreover, some managers admit that there exists a quite elegant scheme for acquiring control over an enterprise which cannot be "seized" for one reason or another.

The fact is that declaring an enterprise bankrupt is a process that is quite formal and, if the desire is there, almost any enterprise can be declared insolvent. It has been asserted that some people are managing to direct this "desire" of the bureaucrats into the channel necessary for specific banks. It is just a matter of technique. A bank is appointed as the authorized one for an enterprise that interests it. This status assumes a highly detailed familiarity with the enterprise's documents, which makes it possible to assess the correctness of the choice and facilitates any further steps. In order to establish control, it is sufficient to conduct an additional emission of shares under the bank's control. Considering the fact that shares of a bankrupt organization may not be a marketable commodity, they are hardly likely to be purchased by anyone other than the bank itself. On the other hand, why should it offer them to anyone else?

Of course, by far not all the banks have such far-reaching intentions. Many small and provincial banks, quite a few of which are bankruptcy administration agents, are basically hoping for the transfer, through their accounts, of budget funds intended for the clean-up of enterprises. In addition, these banks may be counting on acquiring new, even if still "unhealthy," clients. It is clear what the bank's advantage would be in the event of their "recovery." On the other hand, however, the bank may participate in the selling off of a bankrupt organization's property, which also yields a profit.

Meanwhile, AvtoVAZbank Is Beginning To Build a Financial-Industrial Group...

AvtoVAZbank [Volga Motor Vehicle Plants Production Association Bank] became the first bank authorized by the bankruptcy administration (the bankruptcy administration's decision of 7 December 1994). The preliminary agreement with the federal administration about the bank's appointment as one authorized to clean up

bankrupt enterprises in the Volga River Basin region was signed in August of that same year. Over the months that have passed since its appointment, AvtoVAZbank participated in the clean-up of several enterprises. The largest of them was the Samara Aircraft Plant.

KOMMERSANT-DAILY: The Samara Aircraft Plant (after its conversion to a joint-stock company in February of 1994, it became AO AVI S [Joint-Stock Company Avi Samara] and, as of 20 December 1994, it became AO Aviakor [Aircraft Corporation]). It is a publicly held joint-stock company. The labor collective holds 51 percent of the shares and the state—25 percent, while the rest are dispersed among small stockholders. It employs 25,000 people.

In September of last year, the Samara Oblast Court declared the aircraft plant insolvent. The indebtedness to creditors was equal at that time to more than 200 billion rubles [R]. A large part of it was made up of debts for credits from commercial banks. The Court of Arbitration stopped the bankruptcy case and outside management was appointed. The enterprise's board of creditors appointed the manager of AvtoVAZbank's Samara branch, Lev Khasis, to the position of arbitration property manager.

According to the bank's representatives, a conducted analysis made it possible to ascertain that the enterprise's crisis situation had been caused not so much by the economic complexities common to Russia as by management's incompetence and by numerous financial abuses.

A sufficiently extensive program to help the enterprise out of the crisis was developed. In the very first month of its implementation, the aircraft plant received a revolving line of credit of R45 billion (AvtoVAZbank purchased the enterprise's debt from the Srednevolzhskiy kommercheskiy bank [Middle Volga Commercial Bank]). AO Aviakor became the bank's client, transferring its settlement account to AvtoVAZbank's Samara branch. The enterprise's management and sales system was reorganized completely and agreements on cooperation were concluded with a number of Western companies. As a result, over the first half of this year, the joint-stock company paid off more than half of its indebtedness.

The natural question arises: What is the bank's advantage, except that it has acquired a new client? The answer is simple. AvtoVAZbank, as its representatives state, is currently beginning the formation of the international financial-industrial group Aviakor, which unites a number of large Russian and Ukrainian aircraft-industry companies.

....While Menatep Is Continuing

Menatep became a bankruptcy administration-authorized bank also as one of the first. However, according to the bank's official representatives, it is engaged in almost no kind of work as an agent of the federal administration, except for consultation with enterprises. It is curious that, basically, as Menatep's associates assured KOMMERSANT-DAILY's correspondent, these matters are being handled by the....safety service. It is true that, according to them, part of the work has been spread among different departments. However, KOMMERSANT-DAILY managed to find out something from unofficial sources.

First of all, according to our information, "consultation" does not at all mean a departure by the bank from active work with enterprises. On the contrary, Menatep is attempting quite actively to bring them into its sphere of influence. If an enterprise was not previously a client of the bank, it is persistently invited to switch to being serviced in Menatep. However, in the event that something on the order of 20-25 percent of its shares are transferred to the bank, the persistent invitation changes into a basic requirement. As a rule, the bank gives the enterprises managerial support which consists not only of production optimization, but also of preparations for the conducting of new emissions of shares of the enterprise. In fact, the placement of the securities may improve the financial position of the bank's client—only, who will buy them? There can be two answers here: either the bank itself or a Western long-term investor. Judging by everything, both alternatives will occur. In any event, KOMMERSANT-DAILY has information that, lately, Menatep has been conducting active negotiations with a number of Western companies, having in mind attracting investments to its own enterprises. On the other hand, the enterprises being advised by it are concentrated, as a rule, in sectors which the bank itself has defined as priority ones for itself (metallurgy, chemistry, and others), which may indicate Menatep's intention to include them in its own financial-industrial group.

[Begin boxed material]

**Bankruptcy Administration-Authorized Banks
(Arranged in the Order of Their Signing of the
Agent Agreements)**

AvtoVAZbank, ONEKSIMbank [export-import bank], Kuzbassotsbank [Kuznetsk Basin Social Bank], Alfa-bank, Promradtekhbank [industrial radio engineering bank], Morbank [maritime bank], Chasprombank [industrial bank], Montazhspebank [special installation bank], Tveruniversalbank [Tver Full-Service Bank], Menatep, Resursbank [Resource Bank], Tserikh, Moskovskiy industrialnyy bank [Moscow Industrial

Bank], Sibtorgbank [Siberian Trade Bank], RATObank, Florabank [flora bank], Russkiy nationalnyy bank [Russian National Bank], Srednevolzhskiy [Middle Volga], Vozrozhdeniye [Renaissance], Kuzbassprombank [Kuznetsk Basin Industrial Bank], Promstroybank [Industrial Construction Bank], NGS-bank, SBS, Kooptorgbank [Cooperative Trade Bank], Kristall-Bank [Crystal Bank], KEZbank, Energotransbank [Energy Transport Bank], Rossiyskiy kredit [Russian Credit], Yevropeyskiy torgovyy bank [European Trade Bank], Kredit-Moskva [Credit Moscow], Aviabank [aviation bank], Avtobank [motor vehicle bank], Russo-Bank, Tolyattikhibank [Tolyatti Chemical Bank], Kredobank [Credit Bank], Metallurgicheskii investitsionnyy bank [Metallurgical Investment Bank], Natsionalnyy kredit [National Credit], Yuta-Bank, Investsberbank [Investment Savings Bank], Master-Bank, Kubanskiy narodnyy bank privatizatsii [Kuban National Privatization Bank], Nika, Nezavisimyy bank Rossii [Independent Bank of Russia], Vostsibkombank [Eastern Siberia Commercial Bank], Germes-Tsentr [Hermes Center], Guta-Bank, Yuzhnyy region [Southern Region], Lefortovskiy [Lefortovo], Kapital [Capital], Astrobank, Chelyabinvestbank [Chelyabinsk Investment Bank], Eleksbank, Novaya Moskva [New Moscow], Pervyy professionalnyy bank [First Professional Bank], Orbita-bank [Orbit Bank], Bank razvitiya svyazi i informatiki [Communications and Information Science Development Bank], Stroyinvestbank [Construction Investment Bank], Permkombank [Perm Commercial Bank], Zapaduralbank [Western Ural Bank], Prio-Vneshtorgbank [Prio Foreign Trade Bank], Kamchatrybbank [Kamchatka fishermen's Bank], Volgo-Vyatskiy prominbank [Volga-Vyatka Industrial Investment Bank], Kuznetskibiznes-bank [Kuznetsk Business Bank], Volgo-Kaspiyskiy [Volga-Caspian], Voronezh, Neftyanoy [Oil], Bank regionalnogo razvitiya [Regional Development Bank], Moskva-Tsentr [Moscow Center], Lipetskombank [Lipetsk Commercial Bank], Imperial, Sverdsotsbank [Sverdlovsk Social Bank], Moskomprivatbank [Moscow Commercial Privatization Bank], Sotsiumbank, TEMBR-Bank [Timbre Bank], Bank sodeystviya privatizatsii [Privatization Assistance Bank], Natsionalnyy lesnoy bank [National Forest Bank], Mosstroybank [Moscow Construction Bank], Mezhtopenergobank [fuel and power engineering bank], Severnyy narodnyy bank [Northern National Bank], Dalrybbank [Far East fishermen's Bank], Petrovskiy, Nizhegorodskiy bankirskiy dom [Nizhegorod Banker's House], Povolzhskiy nemetskiy bank [Volga German Bank], Dalnevostochnyy [Far Eastern], Vologdabank [Vologda Bank], Rostov Velikiy [Rostov the Great], Region, Tomskpromstroybank [Tomsk Industrial Construction Bank], Tsentr-invest

[Center Investment], BAMkredit [Baykal-Amur Mainline Credit], and Zoloto-bank [Gold Bank]. [End boxed material]

***Central Bank Tries To Save Treasury Bills Market**
954E1350A Moscow KOMMERSANT-DAILY
in Russian 26 Aug 95 p 6

[Article by V. Arsenyev and I. Trosnikov: "Central Bank Attempts Rescue of Government Short-Term Bonds"]

[FBIS Translated Text] The financial crisis that has developed led to large-scale dumping of government obligations—government short-term bonds and Ministry of Finance treasury bills, by the banks. As it became clear yesterday, over the past two days the Central Bank bought up government short-term bonds held by the banks for a sum of 1.6 trillion rubles [R]. Thereby killing two birds with one stone, infusing the banks with some money while also propping up the state securities market.

On Thursday and Friday the Central Bank engaged without respite in government short-term bond trading operations. In two trading sessions the Central Bank bought up R1.6 trillion in securities on the secondary market, which accounts for more than half of the total volume of trading. It is understandable that the Central Bank was attempting to save the government short-term bond market from collapse, the possibility of which was very high.

It is true, from the beginning on Thursday, and then in the first half of the trading day on Friday, the dealer banks began dumping bonds, which, speaking in military terms, strongly resembled a disorderly retreat. The bond rate plummeted and, correspondingly, profitability began rising—on 24 August it rose 15 percent by comparison with what it was in previous secondary trading, while on the following day at the start of the trading session in the case of some issues it reached 300 percent per year.

At that point the Central Bank had to activate the reserves so that the profitability of government debentures would not exceed the fifth hundred by the close of trading yesterday. The sharp destabilization of the government-short-term bond market was highly unprofitable for the government. In the end large infusions of money helped: closing prices on Friday were even slightly higher than on Tuesday, 22 August. It appears that so far the Central Bank has managed to stabilize the situation on the government short-term bond market.

There was no one, however, to keep an eye on the treasury bond market. Just as in the case with the government short-term bonds, events here began developing at

an accelerating rate. As early as on Thursday Russian banks began large-scale dumping of securities as a result of which their quotes dropped by 3-3.5 percentage points. On Friday, however, at about 1300, the Moscow market closed down. The latter circumstance makes today's treasury bill market crisis the most powerful one in its almost two-year history. At least until now the largest dealers have never ceased operations in the middle of the day.

The reasons for market closure, according to our information, consisted of the unwillingness of foreign companies to establish limits for operations with treasury bills for Russian banks. Even the sharply increased profitability of the securities could not force foreign investors to change their decision. The risk of nonpayment was considered by them to be too high.

It would be incorrect, however, to say that it is only the foreigners who do not want to trade with Russian banks in treasury bills. Some of the biggest dealers confessed to a KOMMERSANT-DAILY correspondent that many domestic banks as well cannot sell a bill even at dumping prices since potential buyers prefer not to take any risks.

Revival of the treasury bill market, in the opinion of those in it, cannot be expected before the end of next week. At the Alba-Alyans and MPK-Moskovskiy partner banks it is thought that it is specifically at this time "that it will become clear who will not be able to come to the surface."

***Issue of Ruble-Dollar Exchange Rate Fluctuations Analyzed**

954E1296C Moscow ROSSIYSKIYE VESTI in Russian
22 Aug 95 p 3

[Article by Aleksandr Velichenkov, economic expert at the Center for Economic Reforms of the Government of the Russian Federation: "New Russian Sport: Tug of the Ruble"]

[FBIS Translated Excerpt] [passage omitted]

Importers Use a Painful Method (for Themselves)

The approaching anniversary of "Black Tuesday" (11 October 1994) makes one think about some characteristics of Russia's emerging currency and financial market. Alas, neither the government nor the independent press did anything to analyze the economic subtext of what happened on that day. On the other hand, the great many political assessments, as well as the following practical conclusions, confused the situation to such an extent that the idea that an "expensive" ruble is good and an

"expensive" dollar is bad firmly took root in society's mass consciousness.

Rules of the Game

An "expensive" dollar, when a good, with respect to world market prices, amount in rubles is given for it, is advantageous primarily for Russian exporters, because through financial recalculations the "dollar-ruble" actually increases their profit. However, it is very disadvantageous for importers, lowering their ruble profit with fixed prices in rubles. Their usual method, that is, jacking up prices, has a natural limiter—effective demand. This results in a shrinking of the market for importers and a decrease in their turnover. Nor is an "expensive" dollar advantageous for tourists and "shuttles." For the same amount in currency they have to lay out too many rubles. On the whole, however, an "expensive" dollar is very advantageous for the Russian economy, because it increases export, decreases import, and contributes to an improvement in the country's trade balance and the accumulation of currency reserves. The situation with an "expensive" ruble is exactly the opposite: Exporters quickly remain without ruble profits owing to rate losses, the efficiency of import increases instantly, the country's balance of trade and payments worsens, and, so that it may be quite clear, it becomes cheaper to vacation on Cyprus or Malta than in Sochi.

The Expensive Dollar Is the Patriot of Our Economy

Having established these concepts, we will now try to analyze what happened on the Moscow Interbank Currency Exchange (MMVB) on 11 October of last year. We will recall that voucher privatization was concluded in July and Russian business began to carefully prepare itself for monetary privatization. The "preparation" began as far back as May and consisted of the following: Very substantial sums, tens of trillions of rubles, literally in a few months were pulled out of the turnover and "legalized" by nonpayments. From May through October of last year, disrupting the almost two-year lull after the mutual offset in August 1992, nonpayments increased from 14 to 120 trillion rubles. Not finding its specific application (as it turns out, at the RF State Committee on the Administration of State Property there was a one-year delay in monetary privatization), this money avalanche rushed into the currency market as early as August. Owners believed that it was risky to invest these funds immediately. Moreover, the investments offered were basically "portfolio" investments, not giving real control over productive capital.

In August and September two bells rang, so to speak, indicating the beginning of the show—weekly cycles

of "tidal demand" for currency, when during five trade sessions the MMVB turnover exceeded \$1 billion. But, as is well known, if the public (the Central Bank of Russia and the Ministry of Finance) does not react to bells but remains in the buffet, the show begins without it. Something similar happened on "Black Tuesday." The reaction to the "bells" should have been unequivocal—to urgently begin to lower the rate of the ruble to the dollar, especially as both the government and the country as a whole (owing to the definitions given above) would have profited from this. Alas, at that time—in August and September—nothing of the kind followed, and the Central Bank, depleted by the "tidal" waves of dollar demand, could not withstand this, finding on 11 October only \$80 million for sale (everything was simple: During previous weeks it had to sell less and at a higher price).

The drama on the MMVB, after it turned out that the reserves of the Central Bank had been exhausted, is well known. Now, however, another thing is more important to us: Which banks sold dollars at that moment and why? First of all, banks connected with financial-industrial groups operating with imports. Here it must be admitted that on 11 October these banks, fully consciously, acted like suicides.

If the attained rate had been maintained on 12-13 October, on the 14th these banks could have begun to count their losses. Despite this, they sold and sold, knowing in advance that they would have losses. They sold in order to support their importer clients, who needed an inexpensive dollar so much.

What has not happened in Russia's recent economic history! After two days seller banks discovered with amazement that they had large financial gains. Alas, leaning on incorrect economic prerequisites, political will proved stronger than economic reason. Many remember the scheme of events on 12 and 13 October—normal political force majeure and practical conclusions with two heads on the executioner's block; political solutions according to the scheme "reward for those not involved and punishment for the innocent." It is impossible to read without tears the report by the commission appointed in this connection. It turns out that banks selling currency, not real buyers, against whom there were no complaints, created the panic on the MMVB. And now seller banks, only because, as a result of political force majeure, instead of the planned losses they are counting profits, are among those to blame and those who are guilty.

Next, in my opinion, the most interesting thing, but for some unknown reason ignored by the economic press, began in this tragicomedy. Banks, which undercut the

rate of the ruble in expectation of its further decline, suffered tangible losses when they realized that the rate had "recoiled to its place" and for quite a long time. Having realized this, they rushed to win it all back in the game for a reduction in the rate of the dollar. Their calculation was to buy tomorrow their dollars at a lower price than the price at which they sold them today. The following touching event occurred on the MMVB on 18 October of last year: On that day, if the Central Bank had not intervened in the course of the auction, the rate of the dollar would have dropped to the mark of 2,200-2,400 rubles, because banks—"pushed against the wall" and in urgent need of rubles—would have continued to dump dollars despite the drop in the rate. The Central Bank did not tolerate such "freemen" and bought up \$150 million at the "standing" rate, otherwise one could have forgotten about Russian export. It would have become unprofitable.

Second Round. The Referee Changes the Rules

It must be admitted that the Central Bank drew the proper conclusions from the October events of last year. With respect to 11 October they were operative. The auction rules on the MMVB were changed on the following day. From that time banks wishing to buy currency must transfer rubles to the MMVB account on the eve of the auction, which is called "to show money." Two aims were achieved by this measure. Transactions when the bank seemingly buys currency at the auction, but in fact does not pay for it, were ruled out immediately. A similar thing also happened in 1993, but in 1994 it began to happen regularly. Second, in the process of the auction it became impossible to suddenly "throw money in the kitty"—only those listed in advance were in the game. The rule according to which the daily fluctuation in the rate could not exceed 10 percent was also introduced, but during the entire past period it was never applied. The conclusions of the Central Bank on the events of 18 October were long-term ones. The moment of their use in practice came one and a half years later.

Rules of the Game

It is probably time to disclose the main financial secret of the Central Bank in the sphere of currency regulation. In reality the universally recognized rate of the dollar established by the MMVB is not such. An auction on the MMVB begins at 1000 and rarely lasts more than one hour. However, the interbank currency market functions until the moment of dispatch of daily letters of advice by banks to the clearing center, and MMVB quotations are not an edict for it. Although currency settlements are not made at the clearing center, with a little experience it is possible, according to bank letters of advice, to quite

quickly make out the rate at 1700 and the approximate turnover. This information arrives at the Central Bank and the MMVB and is a guideline for next day's rate. The function of the MMVB, through which no more than 10-15 percent of the daily currency turnover passes (all the rest is carried out on the interbank market), is to balance—by means of currency purchases and sales made by the Central Bank of Russia—unbalanced remainders on the interbank market. From time to time it also happens that with one hand the Central Bank buys currency on the MMVB and with the other, sells it. Usually, this is done at moments of decline in the auction volume for the purpose of fixing the daily currency rate at a level acceptable for the Central Bank.

The Central Bank Is the Wrestling Master of the "Nanaysk Boys"

After October the policy of the Central Bank was to see to it that the rate of the dollar slid smoothly, following the rate of ruble price inflation. At the same time, the ratio of domestic and world prices remains virtually unchanged, exporters work calmly, not experiencing losses from rate differences, and importers receive a normal profit from ordinary operations. The result of such a policy was expressed in Russia's quite decent balance of trade during the fourth quarter of last year.

However, such a practice obviously does not suit Russian compradores confined to import operations. They remain without superprofits. A propaganda campaign aimed at moving the market toward a drop in the rate of the dollar begins in November 1994. Famous and well-known names from former government staffs are set in motion. Quite recently former Finance Minister Boris Fedorov went so far as to state that now, in his opinion, the real correct rate of the dollar should be only 2,000 rubles. It seems that the fact that at such a rate the price of our oil will exceed the world level twofold, which means the suspension of export, does not disturb him at all.

Information to the effect that almost one-half of the cash dollars in the country are false, and that as long as our banks do not have a good control apparatus, they should be turned over to money-changing centers as quickly as possible, is beginning to slip into the press and TV. The idea is clear: To bring down the street cash rate in money-changing centers and on this basis to slow down the rate on the interbank market and the MMVB. From November through March an active campaign has been waged for the introduction of a fixed rate of the ruble. The point again is obvious: The rate is fixed, but inflation remains. That is how the free rate difference goes into the importers' pocket.

Our compradores must be dreaming about the "golden times" of Boris Fedorov's stay at the Ministry of Finance, when during nine months in 1993 the dollar rose 20 percent and domestic prices rose fourfold. At that time the economic situation objectively favored this. There was a process of leveling of domestic and world prices and a transition from twisted price proportions of "developed socialism" to real cost appraisals according to the criteria of the world market. When this process was completed at the beginning of 1994, it seemed that such times vanished, never to return, since the balanced policy of the Central Bank left no doubt that the rate would slide, following inflation.

Third Round. "Fleeing Capital" Joins the Fight

However, life had it differently. In the spring of this year in an article in a thick scientific journal I had occasion to formulate and prove the thesis that in the very near future the conclusion of the dollarization of Russia's economy would manifest itself in a drop in inflation. This forecast was confirmed by subsequent events. During the period of dollarization, Russia's currency pump operated according to the following scheme: Commercial banks bought up the positive balance from foreign trade, cashed it, and sold it to the population. Falling into the internal Russian economic turnover, the cash dollar supply displaced the ruble and thereby brought about inflation. In their calculations on the basis of Keynes' formulas our monetarist reformers, when comparing the commodity supply and the money supply, simply forgot that in Russia, in addition to the ruble, the dollar is also in circulation. It made the economy during the period of dollarization insensitive to anti-inflationary measures.

Sometime in January-February of this year a new trend appeared on the cash currency market—the expenditure balanced the receipt of dollars at windows of money-changing centers and at times exceeded it. Russia had already absorbed the necessary amount of dollars and the turnover did not need an additional amount. This is an accurate sign of the end of the dollarization process. Banks reacted quite naturally and ceased buying currency for these purposes. The unbalanced remainder with respect to the supply of noncash currency began to gradually crawl out into the MMVB and in March-April of this year the Central Bank began to buy up dollars.

Evaluating the volume of currency sales only on the MMVB and comparing them with the export-import balance, one very quickly arrives at the conclusion that some money still is "in the kitty." The vast supply volume amounting to billions of dollars convinces us that currency funds from other sources go to Russia. Perhaps foreign investors have been stirred?

Rules of the Game

Two years ago, while talking with one very big, but very crafty, businessman, an American of Odessa origin, we quickly explained to him that Boris Fedorov's financial policy opened unlimited opportunities for knocking up fortunes at the expense of the treasury. At that time the mechanism was quite simple: Import currency, exchange it for rubles, deposit them for three months, get them back, and exchange them into currency. The result: an annual interest of 150 percent in currency. No legal business produces such an income.

To my natural question of why under such conditions the Western world does not rush to invest in Russia, the person to whom I was speaking answered quite confidentially that even he, even Russian businessmen who lived in Russia, but kept funds earned there in foreign banks, were afraid to invest. And as long as the West does not see that Russian business has stopped exporting profits and begun to withdraw funds from foreign banks and invest in its own country, there will be no real investments. He summed it up briefly: "If yours are afraid, ours are doubly so." This was confirmed by Aleksandr Potemkin, director of the Department of Foreign Operations of the Central Bank, a person directly at the helm of our currency and financial policy. According to him, foreigners are afraid of the instability and political shake-ups. For example, in October 1993, during the crisis, through the fault of Khasbulatov's Supreme Soviet money actively fled the country; as they say, it got out of harm's way.

Now the following conclusion can be drawn: No, Western investors did not rush in throngs to Russia, our own funds, which were abroad both in 1992 and 1993, as well as last year (in particular), came to us. They have already been "washed," laundered, and rinsed—as needed. They are well packaged—in due form—as banks, insurance companies, and even investment funds established in countries where there is no offshore legislation. Only the lazy person or dunce continues to keep them in the offshore form, which does not evoke full trust. Now it is important to clarify the reason why the money of the "new Russians" is coming back.

On the surface, there are no special reasons. There is the same political instability as two years ago—regular "butting" with the parliament, the same crisis in the economy, and the coming elections.

Only one sign indicates the purpose of their coming here—the finally initiated monetary privatization. The situation last year, that is, the explosion of nonpayments and demand for the dollar leading to "Black Tuesday," and the situation in the summer of this year, that is, the mass dumping of dollars and the establishment of

"financial kulaks," who do not disperse and do not move into the consumer market, are complete antipodes. People have begun to carry out what they prepared a year ago. They expect to become owners. [passage omitted]

***Murder of Aluminum Kingpin**

954E1395A Moscow IZVESTIYA in Russian
12 Sep 95 pp 1-2

[Article by Aleksey Tarasov, IZVESTIYA correspondent: "One of the Uncrowned Aluminum Kings Has Been Murdered"]

[FBIS Translated Text] It is not for nothing, apparently, that aluminum is No 13 in the Periodic Tables. Businessmen and bankers interested in the wing metal continue to be shot down. The "aluminum Moloch" increasingly demands new victims. On Friday, on kilometer 107 of the Volokolamskiy Highway, they found the body of Feliks Lvov — a very out-of-the-ordinary and enigmatic person, whose path in the aluminum business was accompanied by numerous rumors. According to the testimony of law-enforcement agencies, Lvov was planning to fly to Alma-Ata. Two unknown persons, however, allegedly pretending to be FSB staff members, abducted him from the specially guarded zone of the airport. They fired five bullets into the businessman, one of which was the telling one — to the head.

Lvov, representing the interests of the AIOK trader firm in the CIS countries, headed several structures, in particular the AIOK-Krasnoyarsk Aluminum Plant joint venture, Sibalko. On the surface was the confrontation of Lvov and the firms of the brothers Lyev and Mikhail Chernyy (there is no sense in naming these companies — they spring up, perform their task and hand the baton to new firms. The same people and banks stood behind them, however. The Monte-Carlo-registered TRANS-CIS COMMODITIES displayed the greatest activity). Also on the surface were Lvov's sharp pronouncements addressed to the major banks cooperating with the TRANS-CIS consortium. The possibility is not ruled out that this reprisal was of the same order as the recent murders of Oleg Kantor and Vadim Yafyasov, directors of the Yugorskiy Bank. Yafyasov was a former partner in the TRANS-CIS consortium management, and in the last few months before his death, had begun to associate closely with the management of Krasnoyarsk Aluminum, which had risen up against TRANS-CIS, and with Lvov, who had quite a bit of influence over KrAZ [Krasnoyarsk Aluminum Plant].

All this, however, is only the visible part of the iceberg. Those who at first glance appear to be irreconcilable adversaries, may not in reality be at all that they seem.

So the conflict of KrAZ and TRANS-CIS was in many ways the result of the policy of Lvov's group. I remind you: TRANS-CIS had 20 percent of the KrAZ shares, exclusive right to supply raw material to the plant, three-fourths of the plant's tolling and a contract on cooperation for ten years ahead. In general, quite a tasty morsel of the aluminum pie. They took it away from TRANS-CIS, and then they also judged against part of the shares and the plant stopped shipping metal to the consortium. Lvov, fighting for the plant's independence from the Chernyy brothers, and meanwhile searching for investments for KrAZ, mediated between the plant and the famous American company, ALCOA. After that, with the appearance, last winter, of a plan for setting up, on the basis of KrAZ, Achinskiy Alumina, Krasnoyarsk Metallurgical and the power workers of the AIOK Financial-Industrial Group, the American company, Kaiser Aluminum, also stated the intention of financing the entire production chain. A third transfer of ownership was hardly a threat to KrAZ now, but the murders surrounding Krasnoyarsk Aluminum obviously did not end with this.

The interests of Lvov's firms and the Brothers Chernyy crossed more than once. According to evidence obtained from trader circles, the arena for one of the last clashes was the Omsk Petroleum Refinery [ONPZ] (petroleum coke is the raw material for the production of aluminum). As we know, Ivan Litskevich, director of the ONPZ, was recently "overtaken by a heart attack" while swimming at Irtysh.

At hearings in the State Duma "On the State of Privatization in the Aluminum Industry" (30 May 1995), Lvov gave a speech directed against the TRANS-CIS consortium and against the Menatep Bank, collaborator with the consortium, although he did not pronounce these names directly. Here is what Lvov said at that time: "The main result of privatization is that aluminum enterprises have found themselves in the hands of unscrupulous managers. The plants have simply not received the funds expected for renovation and the introduction of new technology. The new owners pursue only one goal — obtaining superprofits, with no thought of either modernizing production or observing elementary ecological norms. Making use of the imperfection of the legislation and the negligence of the federal property fund, fictitious firms, set up by the banks, not squeamish about making use of dirty money, have participated in investment auctions and appropriated state bundles, without planning to pay out the proposed huge sums of the investments. Intrigues have been implemented at the investment auctions for entry into the register of shareholders. Serving as graphic examples are the auctions of the Sayanskiy and Novokuznetskiy aluminum plants, and

the Samarskiy and Krasnoyarskiy metallurgical plants, for which, after they were held, neither the state nor the enterprises were paid a single ruble. The monopoly of the holder of a large bundle offers unlimited possibilities for shadow business, tax evasion, and robbing other shareholders...."

What is the explanation, though, for this washing of dirty linen in public, this unpleasant behavior in aluminum trader circles? A desire to get the better of one's competitors, or something else? We know that, after the parliamentary hearings, Lvov sought contacts with the driving forces who were investigating the aluminum foul play. On the other hand, according to evidence available to IZVESTIYA, Feliks Borisovich, in a moment of leisure, used to recount that he had at one time worked for the KGB, and after that, in foreign intelligence — although no one knows how much this conforms to the truth. It is clear, however, that the image of a "fighter against the mafia," of a crystal pure, responsible businessman, in no way fits Lvov — his position at KrAZ was in no way any different in principle from his work at TRANS-CIS.

Lvov arrived at AIOK from the Trast AO, from Vasilii Anisimov (he is the president of Trast, and is now also the vice-president of the Rossiyskiy Kredit Bank and a member of the board of the METALCON AG Company). Anisimov is a key figure in the aluminum business. He introduced and reconciled, enjoying prestige among both traders and plant directors. It was he who brought together Ivan Turushev, at that time general director of KrAZ, and Lyeve Chernyy, and it was due to him that their joint work started. It was Anisimov who, when Turushev had to leave Krasnoyarsk (in many ways because of exposures of violations which had been committed in the plant's collaboration with Trast), received him in Moscow. Turushev became director of the Alkor Corporation, which, with no competition, obtained state bundles of all the enterprises of the Urals aluminum complex. Rossiyskiy Kredit made the symbolic payment for the right to have this property at his disposal. The power of Trast (now the Trastkonsalt AO) is well known, particularly through the fact that some of the personnel came to it from the KGB, which is difficult to overestimate. According to the evidence of one of the police officials, when they tried to remove certain documents from this AO for an audit, nothing came out of it. Aluminum export-import operations for state needs had been entrusted to Trast a few years back, although there was a state organization specially designated for this.

The invisible presence of V. Anisimov in the stories about TRANS-CIS, whether about the firms or Lvov, makes it impossible to consider these companies as

unequivocal adversaries. Perhaps the game was "fixed"? Simply huge amounts of money were won back from TRANS-CIS in Krasnoyarsk, but this for some reason did not meet with the same reaction that might have been expected from the consortium, with respect to Lvov and the KrAZ management. There were no storms at that time.

The question is, what sort of relationship does Lvov have to the large American firm AIOC CORPORATION — although at the parliamentary hearings and in the press he is presented as the commercial director of this company. IZVESTIYA managed to learn the following. The AIOC MOSCOW Company, formed in 1989, actually numbers among the ten daughter enterprises of the AIOC CORPORATION that are scattered throughout the world. Lvov, however, had the most direct relationship with a limited liability company bearing a different name — AIOC Capital. It was founded in 1993 and registered on 13 February 1995. The charter capital is 25 million rubles [R]. The most interesting thing is — the Cypriot firm, AIOC Capital Limited has 99 percent of the charter capital. We managed to find out that the firm was formed recently, and is in no way a daughter company of AIOC CORPORATION. (At least, at the beginning of the summer in 1995, when this information was obtained).

If the parents are unknown, it is hardly lawful to call the Russian AIOK the grandchild of the American one. Doubts also arise as to whether in New York, in the AIOC office, they control the activity of Lvov's AIOK. On the other hand, the roof of the solid American company provides fully determined advantages in Russia. We have not yet managed to reach New York by telephone, and we will therefore leave the question of the relationship of the two AIOK's open.

From the rostrum of the State Duma, Lvov listed by name the victims of the criminal aluminum war. Today, his name was found on this list as well. The Brothers Chernyy were themselves abducted not so long ago in Israel. The outward respectability of the metals business is a delusion. It is becoming increasingly bloody.

Yes, to all appearances, this is the usual made-to-order murder. Whether or not the agencies will find out who ordered it and who executed it is still, as they say, an open question.

Dmitriy Kukanov and Andrey Piotrovskiy, IZVESTIYA correspondents, got in touch with the Alyuminiy AO and obtained the information that they had found out there about Lvov's murder from "unofficial sources," but refused to have any connection with the AIOK

firm, whose commercial director had allegedly been murdered. At the secretariat of the AIOK Corporation, their answer to us was that only the president of the firm was authorized to give any information on this subject, and he was — in the United States.

Lvov's body, according to information from the Moscow Oblast GUVd, was discovered completely by chance, by one of the passengers on the intercity run of a bus which had stopped at kilometer 107 of the Moscow-Riga Highway (Volokolamskiy) for a passenger rest. Staff members of the Volokolamskiy GUVd, who arrived at the site of the occurrence, deny the theory of robbery: a gold chain, a gold ring, an expensive foreign watch and a fair amount of money were left on the deceased. Visiting cards showing the murdered man's affiliation with AIOK and Alfa-Bank were found on the body — these companies are considered "independent" — the deceased did not work for them, although as director of the Forvard Company, he had collaborated with AIOK on questions of supplying carbon raw material to KrAZ. Lvov's affiliation with the AIOK Company was denied by its representative, who was called to identify the body.

In principle, today anyone can order any visiting cards for himself — even — of the president of the USSR. They — are not a document.

***Russian Federation Law on Natural Monopolies**
954E1313A Moscow ROSSIYSKAYA GAZETA
in Russian 24 Aug 95 pp 4-5

[Federal Law on Natural Monopolies adopted by the State Duma on 19 July 1995]

[FBIS Translated Text]

Chapter I. GENERAL PROVISIONS

Article 1. Aims of This Federal Law

This federal law determines the legal principles of federal policy regarding natural monopolies in the Russian Federation and is aimed at achieving a balance of interests of consumers and subjects of natural monopolies, which ensures the availability of the commodity sold by them for consumers and an efficient functioning of subjects of natural monopolies.

Article 2. Sphere of Application of This Federal Law

This federal law applies to relations arising on commodity markets of the Russian Federation, in which subjects of natural monopolies, consumers, federal bodies of executive power, bodies of executive power of Rus-

sian Federation components, and bodies of local self-administration participate.

The regulation of the activity of subjects of natural monopolies provided for by this federal law cannot be applied in spheres of activity not pertaining to natural monopolies, with the exception of cases established by federal laws.

Article 3. Definitions of Basic Concepts

For purposes of this federal law the following definitions of basic concepts are applied:

A natural monopoly is a state of the commodity market, in which the satisfaction of demand on this market is more efficient in the absence of competition, owing to the technological characteristics of production (in connection with the significant decline in production costs per unit of commodity as the production volume increases), and goods produced by subjects of a natural monopoly cannot be replaced in consumption with other goods, in connection with which the demand on this commodity market for goods produced by subjects of natural monopolies depends to a lesser extent on the change in the price of this commodity than the demand for other types of goods.

The subject of a natural monopoly is an economic subject (juridical person) engaged in the production (sale) of goods under conditions of a natural monopoly.

A consumer is a natural or juridical person purchasing a commodity produced (sold) by the subject of a natural monopoly.

The manager of the subject of a natural monopoly (another economic subject) is a person authorized to act without power of attorney on behalf of the subject of a natural monopoly (another economic subject).

The concepts "commodity," "commodity market," "economic subjects," and "groups of individuals" are applied respectively in values indicated in Article 4 of the RSFSR Law on Competition and Restriction of Monopolistic Activity on Commodity Markets.

Article 4. Spheres of Activity of Subjects of Natural Monopolies

This federal law regulates the activity of subjects of natural monopolies in the following spheres:

- transport of oil and oil products through main pipelines;
- gas transport through pipelines;
- services for the transmission of electric and thermal power;

- railroad transport;
- services of transport terminals, ports, and airports;
- services of generally available electric and postal communication.

Article 5. Bodies Regulating the Activity of Subjects of Natural Monopolies

1. For the regulation and control of the activity of subjects of natural monopolies federal bodies of executive power for the regulation of natural monopolies (hereinafter—bodies for the regulation of natural monopolies) are formed in accordance with the procedure established for federal bodies of executive power.
2. For the exercise of their powers bodies for the regulation of natural monopolies have the right to establish their territorial bodies and to give them powers within their competence.

Chapter II. STATE REGULATION AND CONTROL IN SPHERES OF NATURAL MONOPOLY

Article 6. Methods of Regulation of the Activity of Subjects of Natural Monopolies

Bodies for the regulation of natural monopolies can apply the following methods of regulation of the activity of subjects of natural monopolies (hereinafter—methods of regulation):

- price regulation carried out by means of the determination (setting) of prices (rates) or their maximum level;
- determination of consumers subject to compulsory servicing and (or) establishment of the minimum level of their provision, if it is impossible to meet in full volume the needs for a commodity produced (sold) by the subject of a natural monopoly, with due regard for the need to protect the rights and legitimate interests of citizens, to safeguard state security, and to protect nature and cultural assets.

Article 7. State Control in Spheres of Natural Monopoly

1. For purposes of conducting an effective state policy in the spheres of activity of subjects of natural monopolies, bodies for the regulation of natural monopolies exercise control over actions performed with the participation of, or with regard to, subjects of natural monopolies, which could result in infringement of the interests of consumers of a commodity, with regard to which regulation is applied in accordance with this federal law, or an economically sound transition of the corresponding commodity market from the state of a natural monopoly to the state of a competitive market is hindered.

2. Bodies for the regulation of natural monopolies exercise control over:

- any transactions, as a result of which the subject of a natural monopoly acquires the right of ownership of fixed capital, or the right to use fixed capital not intended for the production (sale) of goods, with regard to which regulation is applied in accordance with this federal law, if the balance value of such fixed capital exceeds 10 percent of the value of ownership capital of the subject of a natural monopoly according to the last approved balance;

- investments by the subject of a natural monopoly in the production (sale) of goods, with regard to which regulation is not applied in accordance with this federal law and which make up more than 10 percent of the value of ownership capital of the subject of a natural monopoly according to the last approved balance;

- the sale, leasing, or another transaction, as a result of which the economic subject acquires the right of ownership or possession and (or) use of part of the fixed capital of the subject of a natural monopoly intended for the production (sale) of goods, with regard to which regulation is applied in accordance with this federal law, if the balance value of such fixed capital exceeds 10 percent of the value of ownership capital of the subject of a natural monopoly according to the last approved balance.

3. For the performance of actions indicated in point 2 of this article the subject of a natural monopoly must submit to the appropriate body for the regulation of a natural monopoly an application for consent to the performance of such actions and provide information necessary for the adoption of a decision.

Requirements for the content of such information and for the form of its submission, as well as the procedure for the examination of the application, are determined by rules approved by an appropriate body for the regulation of a natural monopoly.

The body for the regulation of a natural monopoly has the right to reject the application if the actions stated in it could lead to negative consequences indicated in point 1 of this article, as well as if the applicant does not submit all the necessary documents, or if during their examination it is revealed that the information contained in them, which is of great importance for the adoption of a decision, is unreliable.

The body for the regulation of a natural monopoly, no later than 30 days from the day of receipt of an application, shall inform the applicant in writing of its decision—consent or refusal. A rejection must be justified.

If additional information is needed for the adoption of a decision, the body for the regulation of a natural monopoly has the right to request it from the applicant and to extend the period of examination of the application by 30 days, provided that such a request, together with notification of the extension of the period of examination of the application, is sent to the applicant no later than 15 days from the day of its receipt.

If within a 15-day period from the day of expiration of the period of examination of the application an answer of the body for the regulation of a natural monopoly is not received, or the application is rejected for reasons which the applicant considers illegal, the applicant has the right to go to court to protect his rights.

4. An individual or a group of individuals who, as a result of the purchase on the market of shares (parts) in the authorized (joint) capital of the subject of a natural monopoly, or as a result of other transactions (including contracts of agency, trusteeship, or mortgage), acquires more than 10 percent of the total number of votes due to all shares (parts) forming the authorized (joint) capital of the subject of a natural monopoly, must notify the appropriate body for the regulation of a natural monopoly of this, as well as of all cases of a change in the number of votes belonging to them, within a 30-day period from the day of purchase. The subject of a natural monopoly, which acquires shares (parts) in the authorized (joint) capital of another economic subject, giving it more than 10 percent of the total number of votes due to all shares (parts), has the same obligation.

For the exercise of control over the observance of requirements provided for by this point, the body for the regulation of a natural monopoly has the right to request from economic companies and partnerships information on the composition of their participants having more than 10 percent of the total number of votes.

Article 8. Obligations of Subjects of Natural Monopolies

1. Subjects of natural monopolies do not have the right to reject the conclusion of a contract with individual consumers for the production (sale) of goods, with regard to which regulation is applied in accordance with this federal law, if the subject of a natural monopoly is able to produce (sell) such goods.

2. Subjects of natural monopolies must submit to the appropriate body for the regulation of a natural monopoly:

—current reports on their activity in accordance with the procedure and within the periods established by the body for the regulation of a natural monopoly;

—draft plans for capital investments.

Chapter III. BODIES FOR THE REGULATION OF NATURAL MONOPOLIES—THEIR FUNCTIONS AND POWERS

Article 9. Bodies for the Regulation of Natural Monopolies

1. Bodies for the regulation of natural monopolies are formed in spheres of activity indicated in Article 4 of this federal law.

2. The general management of a federal body of executive power for the regulation of a natural monopoly is carried out by a manager appointed to and relieved of his post by the president of the Russian Federation on the recommendation of the chairman of the Government of the Russian Federation. The manager of a body for the regulation of a natural monopoly simultaneously is a member of the board of this body.

3. For the determination of basic directions in the activity of a federal body of executive power for the regulation of a natural monopoly and for the adoption of a decision, a board consisting of no more than seven members, including the manager, is formed from highly skilled specialists, who have practical experience in the appropriate field. Board members are appointed by the Government of the Russian Federation for a period of no less than four years. To ensure continuity in the work of the board, as of the fifth year of work of this body up to one-third of the total number of board members are replaced annually.

4. The legal status of a state employee applies to workers of bodies for the regulation of natural monopolies.

5. The federal body of executive power for the regulation of a natural monopoly is liquidated if an opportunity for the development of competition on an appropriate commodity market appears and (or) if the nature of demand for the commodity of subjects of natural monopolies changes.

Article 10. Functions of Bodies for the Regulation of Natural Monopolies

Bodies for the regulation of natural monopolies perform the following basic functions:

—form and keep a register of subjects of natural monopolies, with regard to which state regulation and control are carried out;

—determine methods of regulation provided for by this federal law as applied to a specific subject of a natural monopoly;

—within their competence control the observance of requirements of this federal law;

—submit in accordance with the established procedure proposals for improving the legislation on natural monopolies.

Article 11. Powers of Bodies for the Regulation of Natural Monopolies

Bodies for the regulation of natural monopolies have the right:

—to adopt decisions, which are obligatory on subjects of natural monopolies, on the introduction, change, or termination of regulation and on the application of methods of regulation provided for by this federal law, including on price (rate) setting;

—in accordance with their competence to adopt decisions on cases of violation of this federal law;

—to send to subjects of natural monopolies binding orders on stopping violations of this federal law, including elimination of their consequences, conclusion of contracts with consumers subject to obligatory servicing, introduction of changes in concluded contracts, and transfer to the federal budget of the profit received by them as a result of actions violating this federal law;

—to adopt decisions on the inclusion in the register of subjects of natural monopolies, or on exclusion from it;

—to send to bodies of executive power and to bodies of local self-administration binding orders on the cancellation or change of acts adopted by them, which do not conform to this federal law, and (or) on stopping violations of this federal law;

—to adopt decisions on the imposition of a fine on the subject of a natural monopoly;

—to institute administrative proceedings in the form of a warning or a fine against managers of subjects of natural monopolies and officials of bodies of executive power and bodies of local self-administration in cases provided for by this federal law;

—to take court action, as well as to participate in the court examination of cases connected with the application or violation of this federal law;

—to exercise other powers established by federal laws.

Article 12. Grounds for the Adoption by Bodies for the Regulation of Natural Monopolies of Decisions on the Application of Methods of Regulation

1. The body for the regulation of a natural monopoly adopts a decision on the application of methods of regulation provided for by this federal law and by other

federal laws with reference to a specific subject of a natural monopoly on the basis of an analysis of its activity with due regard for their stimulating role in an improvement in the quality of produced (sold) goods and in the satisfaction of the demand for them. At the same time, the justification for expenditures is evaluated and the following is taken into consideration:

—expenditures on the production (sale) of goods, including wages, cost of raw materials and supplies, and overheads;

—taxes and other payments;

—value of fixed productive capital, needs for investments necessary for its reproduction, and depreciation deductions;

—forecast profit from the possible sale of goods at various prices (rates);

—remoteness of various consumer groups from the place of production of goods;

—conformity of the quality of produced (sold) goods to consumer demand;

—state subsidies and other measures of state support.

2. During the adoption of a decision on the application of methods of regulation of the activity of a specific subject of a natural monopoly, the body for the regulation of a natural monopoly must examine the information submitted by interested persons on the activity of this subject of a natural monopoly.

Article 13. Right of Access to Information on the Activity of Subjects of Natural Monopolies

1. For the purpose of performing functions entrusted to bodies for the regulation of natural monopolies, their workers have the right of unobstructed access to information on the activity of subjects of natural monopolies available to bodies of executive power and bodies of local self-administration, as well as to subjects of natural monopolies.

2. Subjects of natural monopolies, bodies of executive power, and bodies of local self-administration, at the request of bodies for the regulation of natural monopolies, must submit reliable documents, explaining in written and oral form other information necessary for the performance by bodies for the regulation of natural monopolies of functions provided for by this federal law.

3. Information which constitutes a commercial secret and is received by the body for the regulation of a natural monopoly on the basis of this article is not subject to disclosure.

Article 14. Information by Bodies for the Regulation of Natural Monopolies on Decisions Adopted by Them

1. Bodies for the regulation of natural monopolies, through mass information media, must report on the decisions adopted by them concerning the introduction, change, or termination of the regulation of the activity of subjects of natural monopolies, as well as concerning the inclusion in a register of subjects of natural monopolies or exclusion from it, applied methods of regulation of the activity of subjects of natural monopolies, and specific indicators and requirements placed on them by bodies for the regulation of natural monopolies.

Bodies for the regulation of natural monopolies annually publish a report on their activity.

2. Bodies for the regulation of natural monopolies, through mass information media, must report on all cases of application of responsibility for violations of this federal law.

3. Reports on the liquidation of bodies for the regulation of natural monopolies and on grounds for the adoption of such a decision are published in mass information media.

Chapter IV. RESPONSIBILITY FOR VIOLATIONS OF THIS FEDERAL LAW

Article 15. Consequences of Violations of This Federal Law

1. In cases of violations of this federal law subjects of natural monopolies (their managers), bodies of executive power, and bodies of local self-administration (their officials) in accordance with the decisions (orders) by bodies for the regulation of natural monopolies must:

- stop the violations of this federal law and (or) eliminate their consequences;
- restore the initial position, or perform other actions indicated in the decision (order);
- cancel or change an act not conforming to this federal law;
- conclude a contract with the consumer subject to obligatory servicing;
- introduce changes in the contract with the consumer;
- pay a fine;
- make up for the inflicted losses.

2. The subject of a natural monopoly must transfer to the federal budget the profit received by it as a result of the violation of this federal law within the period set by

the decision of the body for the regulation of a natural monopoly.

3. Fines subject to payment in accordance with the decision of the body for the regulation of a natural monopoly are transferred to the federal budget within the period set by this decision.

Article 16. Grounds for the Imposition of a Fine on Subjects of Natural Monopolies for Violations of This Federal Law

Subjects of natural monopolies bear responsibility in the form of a fine for the following violations:

- overcharging of prices (rates) set by the body for the regulation of a natural monopoly—at the rate of up to 15,000 minimum wages;
- nonexecution of the decision (order) issued by the body for the regulation of a natural monopoly in accordance with Article 11 of this federal law—at the rate of up to 10,000 minimum wages;
- submission of unreliable information to the body for the regulation of a natural monopoly—at the rate of up to 1,000 minimum wages;
- nonsubmission of a notice provided for in point 4 of Article 7 of this federal law to the body for the regulation of a natural monopoly—at the rate of up to 800 minimum wages;
- nonsubmission on schedule at the request of the body for the regulation of a natural monopoly of documents or other information necessary for the performance of its activity—at the rate of up to 500 minimum wages.

Article 17. Compensation by the Subject of a Natural Monopoly for Losses Caused by the Violation of This Federal Law

If the actions (inaction) of the subject of a natural monopoly violating this federal law inflict losses, including owing to the overcharging of a price (rate), on another economic subject, these losses are subject to compensation by the subject of a natural monopoly in accordance with civil legislation.

Article 18. Responsibility of Managers of Subjects of Natural Monopolies and of Officials of Bodies of Executive Power and Bodies of Local Self-Administration for Violations of This Federal Law.

Managers of subjects of natural monopolies and officials of bodies of executive power and bodies of local-self administration bear administrative responsibility for:

—nonexecution on schedule of the decision (order) by the appropriate body for the regulation of a natural monopoly, in the form of a warning, or a fine at the rate of up to 50 minimum wages;

—nonsubmission of documents, or other information requested by the body for the regulation of a natural monopoly, or submission of knowingly unreliable information, in the form of a warning, or a fine at the rate of up to eight minimum wages.

Article 19. Responsibility of Officials of Bodies for the Regulation of Natural Monopolies for the Violation of This Federal Law

Officials of bodies for the regulation of natural monopolies bear administrative responsibility for the violation of this federal law, including for the disclosure of information constituting a commercial secret, in the form of a fine at the rate of up to 50 minimum wages.

Article 20. Compensation for Losses Inflicted on the Subject of a Natural Monopoly, or on Another Economic Subject, by Illegal Decisions or Actions (Inaction) of the Body for the Regulation of a Natural Monopoly

If the body for the regulation of a natural monopoly adopts a decision with a violation of this federal law, including on the determination (setting) of prices (rates) without sufficient economic justification, and, as a result of this, losses are inflicted on the subject of a natural monopoly, or on another economic subject, they have the right to demand compensation for these losses in accordance with the procedure provided for by civil legislation.

Chapter V. PROCEDURE FOR THE ADOPTION OF DECISIONS (ORDERS) BY BODIES FOR THE REGULATION OF NATURAL MONOPOLIES, AS WELL AS PROCEDURE FOR THE EXECUTION OF AND APPEAL AGAINST THESE DECISIONS

Article 21. Procedure for the Adoption by Bodies for the Regulation of Natural Monopolies of Decisions on the Introduction, Change, or Termination of the Regulation of the Activity of Subjects of Natural Monopolies

1. Decisions on all matters concerning the introduction, change, or termination of the regulation of the activity of subjects of natural monopolies, as well as the application of methods of regulation provided for by this federal law, are adopted by a majority vote of members of the board of an appropriate body for the regulation of a natural monopoly.

Matters concerning the introduction, change, or termination of the regulation of the activity of the subject of a natural monopoly can be examined on the basis of proposals by federal bodies of executive power, bodies of executive power of Russian Federation components, bodies of local self-administration, public organizations of consumers, their associations and unions, and economic subjects.

The body for the regulation of a natural monopoly adopts a decision on matters concerning the introduction, change, or termination of the regulation of the activity of subjects of a natural monopoly, as well as the application of methods of regulation provided for by this federal law, guided by materials of an analysis carried out on grounds provided for by Article 12 of this federal law. In accordance with the decision of the regulation body an independent economic expert examination can be carried out

The representative of the subject of a natural monopoly has the right to be present during an examination by the appropriate body for the regulation of a natural monopoly of matters concerning the introduction, change, or termination of the regulation of the activity of this subject of a natural monopoly. The subject of a natural monopoly must be notified in advance of the date of examination by the appropriate body for the regulation of a natural monopoly.

2. Decisions on the introduction, change, or termination of regulation, or on the rejection of the submitted proposal, are adopted by the board of an appropriate body for the regulation of a natural monopoly no later than six months from the day of receipt of the proposal. At the same time, the rejection or partial rejection of acceptance of the submitted proposal must be justified.

Article 22. Grounds for the Examination by Bodies for the Regulation of Natural Monopolies of Cases Concerning Violations of This Federal Law

1. Bodies for the regulation of natural monopolies within their competence have the right to examine cases concerning violations of this federal law and to adopt decisions on them.

2. Statements by economic subjects, consumers, public organizations of consumers, and their associations and unions and reports by bodies of executive power, bodies of local self-administration, and the procuracy serve as grounds for the examination of cases.

3. Bodies for the regulation of natural monopolies have the right to examine cases on their own initiative on the basis of reports by mass information media and other materials at their disposal, which indicate violations of this federal law.

Article 23. Procedure for the Examination by Bodies for the Regulation of Natural Monopolies of Cases Concerning Violations of This Federal Law and for the Adoption of Decisions by Them

1. The procedure for the examination by bodies for the regulation of natural monopolies of cases concerning violations of this federal law is determined by the Government of the Russian Federation.

2. Decisions adopted by bodies for the regulation of natural monopolies on the basis of the results of examination of a case are sent to interested persons in writing no later than 10 days from the day of their adoption. Orders issued on the basis of the adopted decisions are sent to interested persons within the same period.

3. Decisions on matters connected with violations of this federal law, which affect public interests, are subject to publication in mass information media no later than one month from the day of their adoption.

Article 24. Procedure for the Execution of Decisions (Orders) by Bodies for the Regulation of Natural Monopolies

1. Decisions (orders) by bodies for the regulation of natural monopolies are executed by subjects of natural monopolies (their managers), bodies of executive power, and bodies of local self-administration (their officials) within the period provided for by the decisions (orders), but no later than 30 days from the day of their receipt.

2. In case of nonexecution by bodies of executive power, or by bodies of local self-administration, of decisions (orders) on the cancellation or changes of acts adopted with a violation of this federal law, or on the restoration of the initial position, bodies for the regulation of natural monopolies have the right to take court action to declare these acts invalid (fully or partially) and (or) to force the restoration of the position that existed before the violation.

3. In case of nonexecution by the subject of a natural monopoly of the order on the conclusion of a contract, or on the introduction of changes in the concluded contract, the body for the regulation of a natural monopoly has the right to take court action to force the subject of a natural monopoly to conclude a contract, or to introduce changes in the concluded contract.

4. If subjects of natural monopolies do not execute orders on the transfer to the federal budget of the profit received as a result of the violation of this federal law, bodies for the regulation of natural monopolies have the right to take court action to exact the groundlessly received profit.

5. If subjects of natural monopolies, managers of subjects of natural monopolies, or officials of bodies of executive power and bodies of local self-administration evade the payment of a fine, or pay a smaller fine than indicated in decisions (orders), bodies for the regulation of natural monopolies have the right to take court action to exact the fine.

Article 25. Procedure for Appeal Against Decisions (Orders) of Bodies for the Regulation of Natural Monopolies

1. Subjects of natural monopolies (their managers), bodies of executive power, and bodies of local self-administration (their officials), consumers, public organizations of consumers, their associations and unions, and the procurator have the right to file a petition with the court for declaring decisions (orders) by bodies for the regulation of natural monopolies fully or partially invalid in cases of their nonconformity to this federal law.

2. The filing of an application with the court suspends the execution of the decision (order) by the body for the regulation of a natural monopoly for the time of its court examination until the court decision enters into force.

Chapter VI. FINAL PROVISIONS

Article 26. Conditions of Formation of Federal Bodies of Executive Power for the Regulation of Natural Monopolies

Federal bodies of executive power for the regulation of natural monopolies are formed within the expenditures provided for by the budget on the maintenance of the state apparatus.

Article 27. On Putting This Federal Law Into Effect

1. This federal law is put into effect from the day of its official publication.

2. To propose to the president of the Russian Federation and to instruct the Government of the Russian Federation to bring its normative legal acts into conformity with this federal law within six months from the day of its official publication.

To instruct the Government of the Russian Federation to submit within a three-month period in accordance with the established procedure proposals for bringing laws of the Russian Federation into conformity with this federal law to the State Duma of the Federal Assembly of the Russian Federation.

[Signed] B. Yeltsin, president of the Russian Federation

Moscow, the Kremlin
17 August 1995
No 147-FZ

***Problems, Possible Solutions for Gold Industry Detailed**

954E1296B Moscow ROSSIYSKAYA GAZETA
in Russian 19 Aug 95 pp 6-7

[Article by Vladimir Gromov: "Russia's Golden Calf"]

[FBIS Translated Text]

Overturning the Gold "Pyramid"!

For their professional holiday the sector's veterans gathered in Berezovskiy in Sverdlovsk Oblast on the first day of summer. After all, it was there, near Yekaterinburg, in 1745 that the first industrial gold was produced in the Urals and in Russia in general.

Of course, gold reserves in our country's subsoil during the past two and a half decades only decreased. Placer deposits—the basis for our gold reserves—began to be depleted sharply. The content of metal in gold-bearing sand dropped markedly.

But ore, or—as they are still called—"primary," deposits were hardly developed in the country.

The Lord, when distributing the reserves of the "tsarist" metal, did not do Russia out of its share. We got a great deal of both placer and ore gold. But it was always more customary and, above all, simpler to roam with a pan through Siberian rivulets.

And so as far back as 20 years ago high-ranking Soviet gold miners realized that it was time to turn pans and "sifters" (washing troughs) over to the museum. The country will not survive without the exploitation of "primary" gold. Although even now almost 80 percent of the gold extracted in Russia is placer gold.

"We must turn over this pyramid," Viktor Gritsayev, deputy chairman of the RF Committee on Precious Metals and Precious Stones, chief of the Roszoloto Administration, says. "And we must do this in only five years, which the state program for the development of the gold mining sector allots to us."

However, the establishment of a gold ore industry almost "from zero" was not a simple matter even during the time of all-powerful ministries. Promising work had to be stopped completely in 1991 when, following many Union structures, Glavalmazoloto [Main Administration of the Diamond and Gold Industry] also ceased to exist.

When the RF Committee on Precious Metals and Precious Stones Was Horrified

The next one and a half years in the present RF Committee on Precious Metals and Precious Stones are remembered with unkind words.

To begin with, the "divorce suit" among the republics of the former Union not only left Russia without the gold of Kazakhstan, Uzbekistan, Tajikistan, Kirghizia, and Armenia, but also cut off Russian extracting enterprises from processors in these countries.

For example, in the USSR the gold-antimony concentrate from Yakutia was transported for processing to Kirghizia and the gold-silver concentrate, from Magadan to Kazakhstan's Ust-Kamenogorsk. Conversely, raw materials from Kazakhstan provided work for combines in the Urals. For some time all these ties were broken off completely.

This continued until May 1993 when the orphaned sector was placed under the authority of the RF Committee on Precious Metals and Precious Stones.

"In two years we have managed not only to restore the old 'gold' routes," Viktor Gritsayev assures me. "We see to it that both production and processing are carried out by the forces of Russian enterprises. Therefore, we have begun to establish processing capacities in Magadan, Ryazan, the Urals, and Yakutia."

However, the fact that the sector, 50 percent of which consisted of state enterprises, simply dispersed into several hundreds of joint-stock companies, closely held joint-stock companies, and limited partnerships was no less of a blow.

And so, the gold extracted at state enterprises this year will make up only 1.5 percent (!) of total production volume.

This, of course, also has its pluses. The gold mining sector, which was accustomed to collective artel ownership, adapted to the market more easily than others. Ties formed for years were disrupted and the situation with the delivery of materials, equipment, and food to regions of the Far North became more difficult.

In 1993 the volume of geological survey work decreased sharply. Yet serious prospectors know that without geologists they have no tomorrow. However, how can the efficient operation of such a centralized service as geological surveying be organized now?

And what is especially important, samples, according to which it could be determined with 100 percent accuracy from what deposit gold delivered to a gold-receiving office came, were removed from such offices.

This in itself provided fertile soil for various kinds of intrigues and, when "voluntary prospectors" were let into precious metal deposits, the criminal situation around gold mines became charged.

Three Years of Russian Klondike

Gold production was permitted to all juridical and natural persons at the very beginning of 1992. To this day the sector's managers talk about this historical decision through clenched teeth.

To begin with, individuals cannot produce much. Of course, it is difficult to forget the plots of films about the "gold fever" with a happy ending, but calculations performed by the RF State Committee on Precious Metals and Precious Stones in 1992 indicate the opposite.

The average possible content of gold in sand, which can be used for the extraction of the metal, is 1 gram per cubic meter of soil. With a manual panning method one prospector can sift through a pan no more than one-half of a cubic meter per day.

In a season of daily sweating work (this is purely theoretical, because after a week of rinsing in ice water one needs another week to recover), average production per person will total 75 to 90 grams of the metal. For this an honest individual prospector will receive about \$1,000 the gold-receiving office. He cannot feed his family on this.

Now compare this output with average-scale production—several tonnes of annual output per 3,000 to 3,500 workers.

Obviously, from the economic point of view individual extraction is totally unfounded. Especially as, for example, in Amur Oblast most deposits have been processed up to 10-fold (!). What residues can there be in them? Nevertheless, "voluntary prospectors" extract the metal. They turn over some part for the sake of appearances, and the rest goes to second-hand dealers. Where from?

"Often under the cover of one license, or completely without it, small predatory artels operate illegally," representatives of the protection and regime service of the RF State Committee on Precious Metals and Precious Stones say. "As a rule, experienced gold miners boss them around."

Previously, people also went in small groups to the taiga to pan gold. However, only those who were employed in gold mining, but worked at some subsidiary jobs, were permitted to do this. In any case the mine itself controlled the activity of all such detachments and was responsible for them.

It is virtually impossible to catch today's illegal brigade in the taiga—the territory is too big.

On the other hand, second-hand dealers are quite well known to workers of law enforcement bodies.

The Federal Security Service Administration of Magadan Oblast has long set its sights on the Ingush grouping. Although the RF State Committee on Precious Metals and Precious Stones prefers not to stress the fact that the Ingush diaspora manages the illegal trade. However, it is doubtful that this fact should be seen as an infringement on the basis of nationality. Especially as people of various nationalities are entrusted with the transportation of gold to the "big land."

Information that gold bought in the Kolyma region is sent to the North Caucasus and further—to Turkey—for underground processing has appeared in the press. However, as this happens in most cases, the wave of economic crimes can be stopped only by economic methods.

Which ones?

A Can Under a Trough—and You Are the Winner

First, Roszoloto believes, it is necessary to give up the practice of "voluntary prospecting." In addition to the fact that, on the whole, the situation plays into the hands of second-hand dealers, the private sector is the breeding ground for the most common gangsterism.

Even if the private trader is law-abiding to the extreme, no one is responsible for his safety today. How much was and still will be plundered on the way from his "stream" to the gold-receiving office....

However, whereas such a prohibition is rather a forced measure, it is possible to get rid of theft at gold mining enterprises themselves by one, purely economic, method: To settle accounts with workers for the delivered metal on time and fully. After all, the volumes of gold stolen at enterprises, surely, are not smaller than those of gold illegally extracted in taiga streams.

Of course, it would be naive to attribute everything to delays with the payment of money. Nevertheless, according to various sources of information, to this day the state owes gold miners from 130 to 200 billion rubles for gold received last year. And this without taking inflation into consideration.

And so, judge for yourselves, will the starving mine worker "tighten his belt" if he can place a can under a crack in a washing trough and collect 1 kg of pure gold in a week? Then he can sell it "at a discount" to private traders or second-hand dealers. The subsequent chain is already familiar to us.

However, how is the regime and protection at enterprises?

This service engages only in the prevention of offenses. It tries to avert thefts. However, one will say, what can even it do at enterprises, where wages are not paid for half a year?

That is, do what workers at the regime and protection service, of course, try to do. They follow the correct installation of barriers at washing devices, the sealing of machinery, and observance of reporting and the principle of commission during the removal of gold from washing devices.

However, all this is like water off a duck's back. It will not stop hunger. According to calculations by the All-Union Scientific Research Institute of the Ministry of Internal Affairs, only 15 to 20 percent of all committed thefts are uncovered in Russia. In the opinion of responsible workers of the RF Committee on Precious Metals and Precious Stones, in gold production this percentage is even lower—one-half. And so, pessimists' assumptions that several tonnes of gold are annually stolen in our country are not so unfounded.

In order not to cast aspersions on gold miners, we will not forget that direct attacks on mines occur from time to time and, if gangsters succeed in carrying out what they have planned, they leave "overstocked" to the brim.

For example, everyone remembers the 1990 case when five robbers daringly captured a concentrating factory in Sumanskiy Rayon, Magadan Oblast. There was an underground passage and firing, during which a girl—a security guard—died. Threatening to shoot, they tried to capture the gold-receiving office with 300 kg of precious metal.

To the credit of regime and protection workers, at that time the notification and signaling system worked efficiently and the criminals could not force their way into the factory building. The fact that after a couple of months the gangsters were arrested speaks in favor of bodies for the protection of law and order.

However, such cases are quite rare. Today, strange as it may sound, necessity, more often than an armed bandit, forces simple workmen, or even protection workers, to live off panned gold.

"We make currency," Viktor Gritsayev is surprised. "And we do not understand why payments are delayed. The Central Bank and Ministry of Finance obviously underestimate the importance of the gold mining sector in Russia's economy."

After all, prompt financing is especially important for a sector with a seasonal nature of work. Equipment and

products can be shipped to the north only at the time when gold is mined—five or six warm months in a year. Consequently, if money is delayed, the enterprise's future is under threat.

However, present practice forces gold miners to constantly test their fate: Prepayment is demanded for everything that is delivered to the north, but the yellow metal is paid for only 60 days after shipment to processors.

The 25 percent advance payment by the state for the expected gold is the only thing that helps them stay afloat. However, the RF Committee on Precious Metals and Precious Stones remembers that during former times the sector's stability was ensured by 50, not 25, percent of the prepayment.

Bankers Come to a Mine

Incidentally, owners of private capital have something to think about here.

"For the first time this year we are selling quite a large part of the gold to the Central Bank," chief of Roszoloto says. "About 60 of the 130 tonnes which we plan to extract will be bought by the country's main bank, as well as by commercial banks authorized for this by the same Central Bank."

Today about 100 banks in Russia have a license for the right to work with precious metals. During the first half-year they have already bought about 6.3 tonnes of gold. We can multiply this by two and see that by the end of the year this volume could reach almost 10 percent of total gold production. This is quite a bit.

Those who have dealt with joint-stock financial structures know that, as a rule, they are punctual with payments. We have already become convinced of how important this is for the gold mining sector. This is true even though, in contrast to the Central Bank, commercial banks also pay value-added tax when buying gold.

After all the above-stated, the proposal by the RF Committee on Precious Metals and Precious Stones to secure equal rights for all banks entering the gold market will not seem surprising. Moreover, it would be profitable for Roszoloto to get permission for the strongest private banks to also enter the foreign market with our gold.

"In our opinion, in Russia there are five or six first-class banks, which could be permitted to engage in this kind of activity," Viktor Gritsayev believes. "For example, under the control of the Central Bank. In any case this attracts additional funds for the development of our sector."

Roszoloto intends to demand from banks, which will be allowed to purchase gold, the organization of purchase offices according to an ideal scheme—with a unified reporting system and with verification of gold by samples. It intends to do this not only in order to avoid reproaches for the squandering of precious metal, but also for its own tranquillity. The better recording is organized, the fewer the opportunities for thefts and financial intrigues.

However, domestic banks are marking time. Nor do foreign investors have the courage to make capital investments in Russian gold production. Our gold still remains too expensive for bankers.

What Is the Future of Gold?

First of all, it would be good to make Russian gold cheaper. After all, today regions of the Far North and territories equated with them account for 80 percent of gold production. Of course, Yakutia, Magadan Oblast, and the Chukot Autonomous Okrug take first place among these regions. One-half of all Russian gold is from there.

Therefore, it is not surprising that Chukot and Kolyma gold costs twice as much as Kazakhstan gold—mining conditions are more difficult and it is more complicated to organize the provision and transportation of raw materials to processing sites.

The management of the RF Committee on Precious Metals and Precious Stones sees one of the most important tasks in shifting the burden of gold production to the less remote Amur and Chita Oblasts, Krasnoyarsk Kray, and the Urals.

This will be connected with the establishment of a powerful gold ore industry. According to the approved federal program for the development of gold production until the year 2000, during the next five years 21 new large ore deposits will have to be developed and seven existing ones will have to be reconstructed.

Incidentally, the economic security of enterprises also directly depends on the development of gold mines. Although the principle of organization of protection at a mining enterprise is the same as in a mine, but, as at any larger production facility, here there are more protection posts and several defense lines. Then it makes no sense for workers to take ore from the open pit—second-hand dealers do not need it. For the same reason it is unlikely that it will occur to anyone to organize an armed attack on a mine.

However, the price of Russian gold depends not only on the sector's reorientation. Today taxes play no smaller role than the "geographical" factor.

Taxes comprise up to 60 percent of the cost of extracted gold. Federal taxes make up only one-third of them; local taxes, the rest.

"Not long ago we returned from a meeting with heads of local administrations at the Baykal-Amur Mainline," Viktor Gritsayev says. "They tried to convince everyone that if the law states that the tax on the use of mineral resources makes up from 4 to 10 percent, this does not mean that 10 percent must be collected. Nevertheless, the maximum is collected."

It turns out that while the price of 1 gram of gold purchased by the state is \$12.35 to \$12.40, gold miners receive \$5 or \$6. Whereas abroad, according to the testimony of the Roszoloto chief, no one will work for less than \$8.

One can understand the local authorities. In most of Russia's 28 gold mining regions, "gold" taxes are almost the only opportunity of dealing with the regional budget. Often mines and pits ensure the necessary number of work places. And so, one cannot count on the manifestation of goodwill on the part of provincial administrations.

Therefore, the RF Committee on Precious Metals and Precious Stones tries to find salvation not only in the constant lodging of complaints to the government, but also in the drafting of new legislation.

A year ago, in June 1994, a draft law concerning questions of mining, processing, and use of precious metals and precious stones was submitted to the parliament. The Duma repeatedly returned to its examination, but only in July of this year was the Law on Precious Metals and Precious Stones adopted at the first reading. And so, gold miners manage to get along with various government decrees—to be sure, a less reliable basis than the federal law.

Nevertheless, Viktor Gritsayev, Roszoloto chief, is categorical:

"I tell everyone: There is more order in the gold mining sector than anywhere else. It is simply that the press and society itself make all our shortcomings or extraordinary events into a state disaster."

In fact, against the general background of stabilization of the rates of decline in production, one will agree that the 5 percent increase in gold production during the first half of this year, as compared with the first six months of last year, is an outstanding phenomenon.

Kazakhstan**Opposition Objects to Referendum Results****954F3409A Almaty DELOVAYA NEDELYA***in Russian 8 Sep 95 No 36, p 1*

[Article by journalist Viktor Melnik: "The Opposition Has Declared the Referendum Results Invalid"]

[FBIS Translated Text] The opposition referendum boycott staff held a news conference the day after President N. Nazarbayev's meeting with journalists. Mels Yeleusizov, leader of the Tabigat Justice Party, and chairman of the staff, established the principal leitmotiv of the endeavor right at the outset: "The referendum was by all standards illegal.... All the laws we have were, as always, broken during it."

According to the information of the members of this temporary public alliance, there was universal falsification of the voting process itself. In addition, to summarize the main violations noted by observers of the staff, a whole group of observers representing the Workers Movement and the Communist Party was barred from the polling stations on the pretext that these organizations do not have municipal subdivisions, although they had identification from the Municipal Referendum Committee. This identification was canceled in the morning of 30 August. A special staff statement, which characterized this fact as a premeditated action of the authorities to "disavow representatives of the Communist Party and the Workers Movement," was adopted in this connection.

According to the estimates of the staff observers who were able, for all that, to conduct counts of the citizens who went to the polls, they constituted no more than 30 percent of the electoral roll. Interesting data were made public at the news conference by Yuriy Bunakov, leader of the Russian Community of Kazakhstan, who began his speech with the statement: "In the period of preparation of the referendum and during it the administrative authorities did everything to frustrate the organization of observation at the polling stations." Specifically, as Mr. Bunakov stated, two days before the referendum the leadership of the Russian Community received a warning from the procuracy, from which it followed that the appeal to the citizens to boycott the undertaking was a violation of laws of the Republic of Kazakhstan expressed in pressure and infringement of the rights of the citizens to participate in the administration of the state.

Altogether in the capital the Russian Community managed in conjunction with a number of other organizations to observe 86 polling stations, but only at two were two observers present, just one at all the others. According to these observers' preliminary data, the minimum number of citizens turned out in the 48th precinct—350 from an electoral roll of 2,467 persons, 14 percent, that is. The constituents of the 209th precinct were the most active—of the 1,497 persons registered, there was a turnout of 415, that is, 28 percent. The sole electoral precinct in which, according to the observations of members of the Russian Community, the voting was valid was the 403d, where of the registered 1,646 persons, 967 constituents took part. Oddities were observed also, as, for example, in the 151st precinct, where with an electoral roll of 1,570 constituents, the votes cast numbered....2,864, that is, 180 percent.

These preliminary data were reason for Yuriy Bunakov to conclude: "Judging by our results, the referendum in the city of Almaty was invalid." In addition, according to the leader of the Russian Community, a similar picture was observed by activists of this organization in Kostanay, Petropavlovsk, Akmola, Karaganda, Ust-Kamenogorsk, and Pavlodar.

Instances of the unmonitored use of small portable ballot boxes by the election commissions were noted also. It was their use outside of the polling stations that led to the oddities like what happened in the 151st precinct. Aside from the Russian Community, the most active and organized observation of the referendum was established by the capital's structure of the Legal Development of Kazakhstan association. At the 12 stations where observers of this organization were present, similar violations were noted. "It was not our aim to influence the mood of the electorate," Alla Ivanova, activist of the Association for the Legal Development of Kazakhstan, said, "our mission was a legal opinion on the referendum." And the main conclusion here was this—the authorities yet again took splendid advantage of the legal incompetence of the population and the opposition, a consequence of which was very poor supervision of the undertaking.

The main conclusion drawn from what has been said, though, was the fact that the activists of the referendum boycott staff intend to attempt to lodge an appeal against the results of the ballot in particular precincts.

Armenia

Manukyan Ponders National Policy Choices

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[Interview with Vazgen Manukyan, leader of the National Democratic Union and former prime minister and defense minister, by A. Vartanian of Athens DROSHAK, the official press organ of the Armenian Revolutionary Federation; place and date not specified]

[FBIS Translated Text]

[Vartanian] A critical phase of the political struggle in Armenia is now over. The ruling party and the opposition reached July 5, each following its own path, summarized the last five years, and now once again face each other determined to continue their battle. In your opinion, what did July 5 signify, and what is noteworthy in the situation that has been created?

[Manukyan] July 5 can be considered both a defeat and a victory, and here is in what sense. We knew from the outset that they would falsify all the results, that first they would indoctrinate the people using state propaganda means and that later they would use the entire state machinery to intimidate, to sway and to bribe the people. Thirdly [as published], they had full control over the Central Electoral Commission and thus could get any number out of it. In other words, by a simple vote they could annihilate any result that did not suit them and fabricate whatever they needed. In those conditions I consider it a great victory when the people said "no" to the proposed constitution. Let me emphasize that, for us as well as the other opposition parties, this was a much more important issue than whether our candidates would win seats in the National Assembly. This was a fundamental issue because it was related not to a tactical moment but the future of an entire nation.

To be frank, [I] felt very frustrated over the last two years. I thought that it is fine to fight and to make sacrifices until the very end, but for what and for whom? You are surrounded by corruption, filth and immorality. Today, however, the will that the people have expressed, their resolute "no," gives great strength to me individually as well as to other political figures. We saw that we have a healthy nation. It withstood all the pressures. Sometimes it conceded tactical ground, sometimes it failed to resist, but, despite the very difficult circumstances, the Armenian nation took the correct stand on the issue of national strategy, as it has done for thousands of years in its history. The fact that its will was falsified is another question. Now the government is saying that the result of the referendum

was "yes." The nation knows that it said "no." This is the most important result. We foresaw the other results, all the things they did—the abuses, the use of naked force, the lawlessness, the flagrant violations, the falsification of data—during election campaign. Let me mention that we had a disagreement with the Dashnak Party [Armenian Revolutionary Federation] on this issue. Initially the Dashnak Party said that there is no point in participating [in the elections] because the result is predetermined. We, on the other hand, though aware of that reality in the abstract, said that we must have that outcome to make the people see the immoral forces they are up against. I think that that problem has been solved. The people saw what the present government is. In that sense, as strange as it may sound, I consider the results of July 5 to be positive.

As for the question of what processes are under way in reality, the situation and the course we are on are well known. The country has gained independence, and its rulers, being devoid of competence and moral principles, are doing everything to stay in power. I must say that this situation not only gives them power and glory, but also provides them with enormous sums of money, and they do not want to part with those things. Meanwhile, the disagreement that started in 1991 between myself and Levon Ter Petrosyan continues: Should we have an ordinary nation or a global nation? An ordinary nation is what we have now. A global nation means great aspirations and hard work so that the Armenian nation spread across the world can express itself in unison. The latter course restricts the power of the government [in Armenia] because then they have to reckon with the Church rather than trying to break it and make it subservient to them. They have to reckon with the Dashnak Party rather than cutting it down and attempting to turn it into their own party. They have to reckon with many social classes and strata that are spread all over the world. Now we have taken the course of an ordinary nation. I have talked to the ambassadors of our country. Armenia's diplomatic corps in Beirut, Iran and other countries live effectively in isolation. They have no contacts with the local Armenian communities. Obviously this is an unnatural and preposterous situation.

Now the next question: It is futile and absurd to hope that certain countries will intervene in the internal affairs of our country and try to transform Armenia into a democratic and strong country. Such a thing will never happen. There is not a single country in the world that is interested in the strength of the Armenian nation and the stability of the Armenian government. That is our task. It is we who must solve that problem. In view of the real results of July 5 and having found our nation

to be healthy, I am convinced that those problems can be solved and that they can be solved in a short time. I can say with certainty that they can be solved in one or two years.

Now just look at what is happening. The rift that originally began within the Karabakh Committee and eventually developed across the whole movement is growing. That rift is now an abyss dividing the people into opposing camp. On the one side there are people whose approach to politics and national goals is immorality, injustice, cynicism and lawlessness. On the other side there are people who want to have a strong state and nation, who dream of and aspire for a just state where everyone can find his place. The battle is now between these two camps.

This government understands that their victory can only be guaranteed by the devastation of as large a portion of the people as possible. For example, during the elections they used the army. They took 18-year-old young men and forced them to participate in fraud. That young man will never fight for his fatherland selflessly. They imbued immorality and cynicism in that 18-year-old. He found that he has the right to solve problems by force and violence. That is a crime and a big loss that corrupts the nation.

This is my concern. It is true that on the fundamental issue of national strategy the people could demonstrate wisdom from its depths by rejecting the despotic framework of the proposed constitution. It expressed its will, but then went home to carry on with its daily life. It will not have the opportunity to make another political choice like that in the near future. Moreover, although both sides are aware of the unequivocal "no," the ruling circles moved toward further abuse and centralization of power by changing that "no" to a "yes" through trickery.

[Vartanian] Will not the situations that will be created step by step in real life and in practical politics make the people's strategic choice worthless? What can be done to prevent the people from being alienated from important causes, national values and Armenian statehood? After all, such public attitudes would change the relationship between the two camps you mentioned, and they would change it in favor of the immoral forces. In these circumstances even if we had the most idealistic constitution in the world it would remain a piece of paper without any effect on real life.

[Manukyan] First I do not agree with the argument that the constitution is simply a piece of paper. That piece of paper specifies mechanisms which are supposed to work in one way or another. In this instance, those mechanisms are supposed to work to repress and to plunder the people. This state is on its way to despotism.

How can that be stopped? The "no" to the constitution that was turned into a "yes" has defined the political battlefield. That situation reminds of me of 1988. When we came out to fight for Karabakh we always said that we must move along the constitutional path. And we did that. They organized Sumgait, but even then the people realized that we must not stray from that path. We marched along the constitutional path until our opponent declared war against us. We did everything to avoid war. But the war was imposed on us, and we won that war. I think that the same applies to political affairs. In other words, the opposition parties and the people always acted in accordance with the constitution, but the government authorities have declared war against them.

We must acknowledge that war in our internal life and win it. Please understand well: War is a term with many meanings and does not mean solely armed warfare. It has a much broader meaning. Evidently the authorities have repeatedly declared war against the people's constitutional conduct. Government guards brutally beat women and children before the Supreme Council on July 12. Such a thing has never happened in Armenian life. Armenians have never organized such beastly violence. In other words, they are already at war with the people. In that context, our people are prepared to return the blows in kind. Opposition parties have often intervened or restrained [the people]. I have frequently called on people to restrain their emotions and asked them to stick to the constitutional path. But there will be times when they will disregard such advice and the struggle will assume a different nature.

The authorities do not realize what they bringing upon themselves. They are turning the political road into a dead end. Wise politicians always leave an open door in political battles to allow the contest to move in that direction. These people do not have even that much sense. In any event, I would not call them politicians as a general rule. I once said that Levon [Ter Petrosyan] is not a politician. Everyone was surprised and asked: "How can that be? He is the president of the country and is recognized as such by other countries." However, the most important attribute of a politician is his ability to reach a compromise while maintaining the fundamental strategic course, so that the other forces with influence in the population are taken into account. That is the politician. What the president is doing is the behavior of a naughty child: I want that toy and that is it. Nothing else. That cannot be considered political activity.

[Vartanian] The president has always projected an image of self-confidence. This time, too, he was deeply convinced that the people would support his constitution unanimously. His reputation has been badly hurt as

a result of the falsification of the results of a free referendum. The fact that, three weeks after July 5, he does not dare to congratulate himself and his "entire team" is evidence of that fact. Thus what he will do next is important. Will he realize the significance of his evident defeat or will he escalate his confrontation with the public by his future actions. What do you foresee?

[Manukyan] Neither Ter Petrosyan nor other leading figures of the Armenian Pannational Movement realized how much hatred the people harbor toward them. They observed that hatred when they were collecting signatures from the people for their candidates for majoritarian and proportional seats in the National Assembly. They saw it and they were shocked. Only then did they realize that the people not only do not accept or trust them, but that they simply hate them. Their representatives would go to people's homes to collect signatures, and they would be beaten up. Then they turned to the other methods, those of intimidation, inducement and bribery and were able to penetrate among the people to some extent. By that time nothing was left of their conviction that the nation was with them. That conviction runs very deep in Ter Petrosyan. He believes that the people may be unhappy about this or that, but that they are with him. These latest events and the "no" showed them that the people are not on their side. Even without that they did not like our people, but now they may develop hatred against our people. As a result they may take harsher actions in the future. They will not become more moderate; on the contrary they will become harsher. They also realize that the methods they employed in forging this National Assembly and passing the constitution through the referendum will not work in the presidential election next year. Thus they will resort to stronger and harsher methods. In any event they have nothing to lose.

However, there are more variables in our life than we assume. First, a few words about external conditions which may have an impact on or play a role in Armenia. Among them I will mention two factors that are evident at this time. One is the Karabakh problem. This government will probably sign an agreement on Karabakh which will not be favorable for our nation, and that will create tension in Armenia. Perhaps that is one of the reasons many countries interested in Karabakh are tolerating this dictatorship. They hope to resolve the Karabakh problem this way, without taking our nation's will into account. It is also possible that fresh military operations may be undertaken in Karabakh. God protect us from military operations, but that too may have an impact on Armenia's domestic situation. The processes under way in Russia, depending

on changes in government there, may also play a role [in Armenia].

If we set aside these external conditions, what is happening in our republic is the standard situation has been repeated in other countries. There are hundreds of thousands of people, many parties and other forces which do not tolerate this situation in the country. Can they get organized, respond to force with force and thus defeat the government? Life will show what happens.

[Vartanian] It was you who formulated the concept of a "global nation" as a term, but that ideology (and to some extent its practice) is not new in the political world view of Armenians. Consequently, even when we discuss purely Armenia's internal processes we cannot disregard the Diaspora. As unhomogeneous as the Diaspora may be, what is the general picture of the Diaspora and how can it have a real presence in Armenia or in the long-term struggle to be waged for a true Armenia?

[Manukyan] My impression, which is based on the meetings I had about a year ago, is that the Diaspora is applying double standards—two different measures and weights—to Armenia. They are extremely elated that their only national dream has finally come true: An independent state has been created, we have won a war against Azerbaijan, Karabakh has been able to dictate its terms and has, for all practical purposes, acquired the independence it has declared. They tell me: Internal life may be a little better, a little worse; just endure. When you ask them if they can tolerate such lawlessness and injustice in the countries they live in, they reply that they cannot. Then you are forced to explain that we are not any inferior than you. In other words, the Diaspora must treat our people and state with the same standards it applies to the internal life of Canada, the United States or France. In other words, the Diaspora Armenians must stop using double standards. I do not know if these recent events and July 5 will make them conclude that double standards must be renounced. However, if the Diaspora continues to apply double standards, then their participation in Armenia's internal political struggle will be reduced to nothing.

Secondly, the Diaspora Armenians must realize that this state is not just our state but theirs as well. It is true that we have greater responsibilities and powers because we live on this land, but the life of the entire Armenian nation depends on what type of state we have here. In the future, this state may even be responsible for the welfare of Diaspora Armenians. The life and welfare of the Armenian living in Argentina may be determined by the nature of this Armenian state. This awareness must take root among all Armenians. If that happens, Diaspora Armenians will be much more vigilant about

Armenia's internal life. They can help and become players in Armenia with their posture.

Do you know what the most fundamental mistake was? There was injustice, they raped the people, but the academics did not utter a word. The upper stratum of the intelligentsia which considers itself the guardian of the country did not say a word. The Church did not say a word in the name of justice. Who needs the Church and for what purpose when the Church speaks about the nation but not about justice? The Church should speak about justice. The politicians, the institutions, the organization or the army can speak about the nation. Do you understand? Today only the people are fighting for justice in Armenia.

When I think about it I see that we have not had a state for 600 years. Our nation has developed unique attributes to survive and to organize in the most severe circumstances, to help each other and not to be shocked. I think that this process has also had an effect on our intelligentsia. In the most recent period, I have not seen a single well-known senior intellectual who has spoken in favor of freedom, truth and morality without pursuing some personal or practical cause. There may be instances when an intellectual speaks against your opponent who has upset him and you feel good that he criticized him. But that is not important. I have not seen our intelligentsia speak from lofty moral positions to our people or the government or the opposition. That has never happened. How will this situation change? For the moment, at least, I do not see a solution.

Here let me underscore another positive outcome of July 5. Students actively participated in everything. I would not say that all of them did with no exceptions, but the student circles I know engaged in the political struggle as persons trusted by one or another candidate or in other capacities. They undertook work of massive proportions. Tens of thousands of persons appeared on the field. This large segment of the student body, which in the past watched indifferently from the sidelines how the seniors fought against each other, has now become a full participant. The sense of justice is very strong among the youth. I can feel that there are certain changes among the students. This is what is important. The future generation has begun to engage in debates over basic issues and to participate in political life. That means that there will always be political figures who will be interested in Armenia's future.

[Vartanian] We talk about the intelligentsia and the youth, but political organizations also have a calling and responsibility to create a moral climate and to subordinate their personal, factional and party interests to the interests of the country and the nation. Today that

debt remains unpaid, and there are no signs that it is at least being paid in installments. Obviously, I do not expect anything from those who have synthesized the state, the people and the government into one. I have in mind the opposition, or rather its healthy nationalist and democratic segment which also has its own numerous internal problems. I would also like to speak about the different ways the internal political struggle may unfold.

[Manukyan] I must say that the situation is difficult in that sense because our political life has been polluted. The organizations are operating in an immoral environment. That is having a detrimental effect. Even so, there are many individuals of high moral principles among the politicians and all opposition parties. It was seen in the past that many of them turned down voluntarily the opportunity to have different lives, to hold office and to enjoy power. Among the politicians there are individuals who have participated in military operations—that is people who have stood up against bullets for the sake of ideas and moral principles. Thus, there are serious political figures in Armenia, but, I repeat, it is politics that is an unfavorable situation in Armenia. There is an immoral environment, and that is having a negative effect on the political parties.

Let me also say that I do not believe in the unification of 10, 15 or 20 parties. If two or three political parties in Armenia unite, form an alliance and move forward together without excluding cooperation with others, then the political struggle may become more beneficial for Armenia. The unnatural union of a large number of forces contains unsolvable contradictions, and I think it would be absurd to talk about serious politics with a structure like that. However, an alliance among two or three parties (even if their programs are different from each other but are compatible—that is, they are not extremely opposed on national, economic and foreign policy issues and the structure of the state) can become a genuinely strong force. If 30 parties come together, they do not necessarily form a force that is ten times stronger than the union of three parties. On the contrary, such a grouping is twice as weak as the union of three parties.

There were two possible courses that could emanate from the current situation in Armenia. The reversal of the people's "no" to a "yes" by the government could have led to popular revulsion, and the opposition parties could have contributed to that. That course of events did not materialize. I find it hard to say to what extent the people were responsible for its failure to materialize, but I can say that the opposition parties did not choose that course regardless [of the people's disposition]. That leaves only the second course. This wave of tension will eventually calm down, the anger

of the people will eventually subside, the parties will return to organizational work and after some time a new phase of struggle will begin. That will happen with new collaborations that will show which parties are moving together. At that time the choice of the direction taken will gain special significance. At that time parties with different programs must decide whether they are choosing the same direction. The two or three parties that can join hands and choose the same direction are also the parties that can attain victory in the political struggle. Soon there will be rifts within the government. It is a fact that the greater the pressure on them from the outside the fewer the apparent cracks inside, because they act in unity against the opposition. Those cracks grow in comfortable conditions. I do not place much significance on the internal conflicts of the administration because that will not improve Armenia's circumstances. When persons or groups in power fight each other, when you consider those persons or groups to be immoral and when one of them wins and becomes stronger, it is obviously interesting to watch the events from the sidelines. However, I think it is senseless to predicate Armenia's fate on such internal quarrels and place any hopes on it. That conflict is happening and will continue, but I do not think that any one group can defeat the other completely in a short time. That is a long process. Internal rifts obviously weaken the government from the inside, but if the opposition pins its hopes on these internal quarrels, then the rifts will be quickly mended because they have shared interests. Their internal fights are only for one purpose: Who will have greater power. But in essence they are all the same and understand very well what the consequences of losing power may be.

Azerbaijan

Law on Elections to National Assembly

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[Law of the Azerbaijan Republic: "On Elections to the National Assembly of the Azerbaijan Republic"]

[FBIS Translated Text]

SECTION 1

GENERAL PROVISIONS

Article 1. Basic Principles of Elections

The National Assembly of the Azerbaijan Republic (hereinafter referred to as "National Assembly"), being the highest organ of legislative power of the Azerbaijan Republic, shall be elected by citizens of the Azerbaijan Republic according to the procedure established by the

present Law on the basis of majority and proportional electoral systems, universal equal and direct suffrage with free, personal, and secret voting.

Article 2. Composition and Term of Office of the National Assembly

The National Assembly shall consist of 125 deputies.

The term of office of the National Assembly shall be five years. The term of office of the National Assembly shall begin on the first day and end on the last day of its session. The authority of deputies of the National Assembly shall be valid only for the term of office of the National Assembly.

Article 3. Suffrage

Citizens of the Azerbaijan Republic who are 18 years of age or older on the day of the elections shall have the right to vote for a deputy of the National Assembly.

Citizens of the Azerbaijan Republic who are 25 years of age or older on the day of the elections shall have the right to be elected to be a deputy of the National Assembly.

Clergy and individuals on active military duty or an alternative service may not be elected deputies of the National Assembly. Individuals convicted of serious crimes specified by Article 7-1 of the Criminal Code of the Azerbaijan Republic and individuals serving sentences in places of incarceration under a court sentence that is in effect may not be elected to be deputies of the National Assembly even if their criminal record has been cleared.

Citizens deemed incompetent by the courts shall not participate in elections to the National Assembly.

Any direct, indirect, or other restrictions on the vote of citizens of the Azerbaijan Republic based on their origin, political views, social and property position, race and national affiliation, sex, education, language, religious views, and type and nature of employment shall be prohibited.

Every citizen of the Azerbaijan Republic who has the right to vote shall have one vote in single-mandate and multiple-mandate districts and shall vote twice.

In compliance with the norm for representation determined before each election, all citizens shall be represented in the National Assembly on an equal basis.

Deputies of the National Assembly shall be elected by the voters directly.

The voters shall vote personally and secretly. Monitoring of the expression of the will of the voters in elections shall not be allowed.

Article 4. Scheduling of Elections to the National Assembly

Elections to the National Assembly shall be scheduled by the president of the Azerbaijan Republic.

New elections shall be scheduled no later than 80 days before the expiration of the term of office of the National Assembly. Voting in elections to the National Assembly must be held on a Sunday.

Article 5. Elections to the National Assembly

One hundred deputies of the National Assembly shall be elected in single-mandate electoral districts, as a rule, on the basis of a single norm of representation of voters in single-mandate electoral districts. The single norm of representation of voters shall be determined by dividing the overall number of voters by 100.

Twenty-five deputies of the National Assembly shall be elected for a single multiple-mandate electoral district on the basis of the ratio of votes of voters cast for a list of candidate deputies nominated by political parties (blocs of political parties).

Article 6. The Right to Nominate a Candidate Deputy

The right to directly nominate candidate deputies in compliance with the requirements of the present Law shall be enjoyed by citizens of the Azerbaijan Republic who have the right to vote and also political parties created and registered in compliance with legislation of the Azerbaijan Republic, taking into account the prohibitions envisioned by Article 3 of the present Law.

Article 7. Openness When Preparing for and Conducting Elections

Elections shall be prepared for and conducted openly. State organs that organize elections and also citizens and political parties participating in elections shall operate openly and publicly.

Individual citizens and political parties shall be guaranteed the right to campaign for or against candidate deputies in meetings, other gatherings of citizens, and the mass media.

Measures related to organizing the elections shall be announced in the mass media no later than two days before they begin. Election commissions shall inform citizens of their work, the formation of electoral districts and electoral precincts, the composition, location, and hours of operation of election commissions, lists of voters, the nomination of candidate deputies, the results of the voting, and the outcome of the elections.

The mass media shall cover the course of preparing for and conducting the elections to the National Assembly.

bly. Their representatives shall have the right to attend unimpeded all measures organized by the election commissions and also to obtain information on preparing for and conducting the elections.

Individuals authorized by candidate deputies and political parties participating in the elections (blocs of political parties) shall have the right to attend meetings of the election commissions and to be present during voting, the counting of votes in electoral precincts, and also the determination of the results of the vote.

Authorized individuals must have documents confirming their authority. The commissions must be notified ahead of time of the possible attendance of authorized individuals, paying attention to the need to create the appropriate working conditions for them.

Illegal intervention in the activity of election commissions and exerting illegal influence on them shall be prohibited.

Article 8. Costs Related to Preparing for and Conducting Elections

Costs related to organizing preparations for and conducting of elections to the National Assembly shall be paid for out of the budget of the Azerbaijan Republic.

State organs, enterprises, institutions, and organizations shall place at the disposal of election commissions free of charge the premises and equipment needed for preparing for and conducting elections to the National Assembly.

Leasing of buildings, premises, and equipment of non-state organizations and enterprises for the operation of election commissions shall be paid for out of the budget of the Azerbaijan Republic.

Money from the budget of the Azerbaijan Republic, like money from local budgets, may not be used to support the nomination of candidate deputies or to campaign for them, with the exception of cases envisioned by the present Law.

Article 9. The Formation of Single-Mandate Electoral Districts

In order to organize and conduct elections according to the majority election system, the National Assembly at the suggestion of the Central Election Commission, no later than 70 days before the elections, shall divide up the territory of the Azerbaijan Republic into 100 electoral districts, taking into account the number of population and the administrative-territorial division.

Here the Central Election Commission must proceed from the following principles:

- 1) territories that do not have common boundaries may not be included in the same electoral district;
- 2) each electoral district, as a rule, shall be formed within a single administrative rayon, and if this is impossible because of the number of voters, within two or more administrative rayons;
- 3) the difference between the population of the electoral district and the average population of electoral districts may not exceed 10 percent.

Article 10. The Formation of a Multiple-Mandate Electoral District

In order to organize and conduct elections according to the proportional electoral system, a single multiple-mandate electoral district shall be organized for the entire territory of the Azerbaijan Republic.

Article 11. The Formation of Electoral Precincts

Single-mandate electoral districts shall be divided into electoral precincts. Electoral precincts shall be formed no later than 10 days after the formation of the district election commissions. The district election commission when dividing each single-mandate electoral district into electoral precincts shall establish their number and boundaries. These electoral precincts shall simultaneously be electoral precincts for voting for the multiple-mandate electoral district.

The electoral precinct shall encompass the territory on which no less than 50 (fifty) and no more than 1,500 (one thousand five hundred) voters reside.

The district election commission within seven days after the approval of the list of electoral precincts shall notify the voters of the boundaries of each electoral precinct with an indication of the location of the electoral precinct and the polling place.

SECTION 2

SUPPORT FOR PREPARATIONS FOR ELECTIONS

Article 12. The Structure of Organs Supporting the Elections

Organs that organize preparing for and conducting elections to the National Assembly shall be the Central Election Commission for Elections to the National Assembly of the Azerbaijan Republic (hereinafter referred to as the "Central Election Commission"), district election commissions for elections to the National Assembly of the Azerbaijan Republic (hereinafter referred to as "district election commissions"), and precinct election commissions for elections to the National Assembly of the

Azerbaijan Republic (hereinafter referred to as "precinct election commissions").

Members of the election commissions may not be candidate deputies to the National Assembly.

Article 13. The Central Election Commission

The Central Election Commission shall be the highest state organ providing for conducting the elections. Its chairman and 14 members shall be elected by the National Assembly of the Azerbaijan Republic no later than 80 days before the elections for a period of five years. The candidate for chairman of the Central Election Commission shall be nominated by the president of the Azerbaijan Republic. Within five days after the election the chairman of the Central Election Commission shall suggest candidate members of the commission. No later than 40 days before the elections the composition of the Central Election Commission shall be fully determined.

The chairman and members of the Central Election Commission must be citizens of the Azerbaijan Republic with a higher education, nonparty members who have the right to vote and who do not hold management positions in state organs.

The Central Election Commission shall also perform the functions of a multiple-mandate district election commission.

Article 14. The Authority of the Central Election Commission

The Central Election Commission shall:

be in charge of the activity of election commissions for elections to the National Assembly of the Azerbaijan Republic;

monitor the compliance with laws when preparing for and conducting elections and provide for uniform application of the present Law;

publish instructions that are mandatory for all election commissions and other normative documents on questions of the application of the present Law;

announce the candidate deputies and lists of candidates of political parties (blocs of political parties) participating in the elections;

issue candidate certificates on the established form to candidate deputies who are participating in the elections and included on the published lists of candidates of political parties (blocs of political parties);

register authorized individuals representing political parties (blocs of political parties);

provide for observance of conditions of equal rights in pre-election activity for all political parties (blocs of political parties) participating in the elections and all candidates running in single-mandate electoral districts;

hear reports from central and local organs of executive power regarding questions of preparing for and conducting the elections;

establish models of ballots, voter lists, and other election documents;

approve models of seals of election commissions and the procedure for delivering and storing election documents;

distribute funds allotted from the republic budget for financial support for preparing for and conducting the elections and make sure that they are expended for their intended purpose;

make sure that the election commissions are provided with premises, transportation, and means of communications and consider other questions related to material and technical support for the elections;

on its own initiative, override illegal decisions of lower election commissions;

establish and publish in the press the results of voting in elections to the National Assembly and provide for preservation of documents on preparing for and conducting the elections;

draw up and submit to the National Assembly a list of individuals elected as deputies;

organize the elections in cases envisioned by Articles 83 and 84 of the present Law;

exercise other authority in compliance with the present Law.

Article 15. District Election Commissions

The district election commissions shall be made up of a chairman and 12 members who are citizens of the Azerbaijan Republic with a higher education, nonparty members who have the right to vote, who reside on the territory of the given electoral district.

The Central Election Commission no later than 10 days after it is formed shall appoint the chairmen of the district election commissions and then within 10 days, at the suggestion of the chairmen of the district election commissions—members of the corresponding commissions.

The chairman and members of the commission must be individuals determined through casting of lots of citizens working in budget-financed and autonomously financed state enterprises and organizations and kolkhozes who have been nominated by these enter-

prises, organizations, and kolkhozes. The procedure and time period for casting of lots shall be established by the Central Election Commission.

The district election commissions shall be formed for the period when the elections are being held.

Article 16. The Authority of the District Election Commission

The district election commission shall:

monitor compliance with the present Law on the territory of the electoral district;

coordinate the activity of precinct election commissions, override illegal decisions of these election commissions on its own initiative or on the basis of complaints received;

submit to the Central Election Commission candidate deputies in single-mandate election districts for publication;

register authorized representatives of candidate deputies in single-mandate electoral districts and issue them certificates of the established model;

provide for compliance with conditions of equal rights for pre-election activity of candidate deputies in single-mandate electoral districts;

dispose of the monetary funds allotted to the electoral district for preparing for and conducting the elections, distribute some of these funds among precinct electoral commissions, and monitor their expenditure according to their intended purpose in the election district;

provide precinct election commissions with ballots for voting in single-mandate election districts;

determine and publish in the press the results of the voting and the outcome of the elections in the single-mandate electoral district and send to the Central Election Commission information on the results of the voting and outcome of the elections in the corresponding electoral district;

make sure that the precinct election commissions are provided with premises, transportation, and means of communication and consider other questions related to material and technical support for elections;

organize repeat elections in cases envisioned by Articles 83 and 84 of the present Law;

exercise other authority in compliance with the present Law.

Article 17. Precinct Election Commissions

The precinct election commission shall be made up of a chairman and no less than six and no more than 18 members who are citizens of the Azerbaijan Republic who have the right to vote for the period when the elections are being held. The district electoral commission no later than 10 days after it is formed shall form the precinct election commissions and appoint their chairmen.

Members of the precinct election commission must be individuals determined through casting of lots: no less than half—from among workers in budget-financed and autonomously financed state enterprises and organizations and kolkhozes, nonparty citizens who have been nominated by said enterprises, organizations, and kolkhozes; no less than 30 percent—from among representatives of political parties (blocs of political parties); and the remaining 20 percent—from among representatives of independent candidates nominated in the single-mandate electoral district. Each political party (bloc of political parties) and also each independent candidate in a single-mandate electoral district may have one representative on the precinct election commission. If the number of independent candidates nominated from the single-mandate electoral district is less than the number of positions allotted for their representatives on the precinct election commission, the vacant positions shall be filled by representatives of the political parties (blocs of political parties) through casting of lots. The procedure and time for casting of lots shall be established by the Central Election Commission.

Article 18. Authority of the Precinct Election Commission

The precinct election commission shall:

promptly notify the population of the address, telephone number, and time of operation of the precinct election commission and also the day and place of the voting;

draw up lists of voters in the electoral precinct;

create conditions for familiarizing the voters with the voter list, consider complaints about incorrect entries and mistakes on the list, and resolve problems of eliminating them;

provide for the preparation of premises for voting, ballot boxes, and other equipment;

monitor the observance of the rules for the location of election campaign materials on the territory of the electoral precinct;

organize the voting in the precinct on the day of the elections;

exercise other authority in compliance with the present Law.

Article 19. The Legal Position of Members of Election Commissions

Members of election commissions specified in the present Law (hereinafter referred to as "election commissions") shall be obliged to participate in all meetings.

A candidate deputy, his authorized representative, or close relatives may not sit on the commission.

During his period of office a member of the election commission:

may not have criminal charges brought against him, be arrested, or be subjected to administrative punitive measures imposed judicially, he may not be held under guard or subjected to other measures of detainment without the consent of the Central Election Commission;

shall be promptly notified of the meetings of the corresponding election commission;

may speak at meetings of the election commission and submit proposals regarding issues within the jurisdiction of the corresponding election commission;

may ask questions of participants in the meeting related to the agenda of the meeting of the election commission;

may familiarize himself with documents and materials of the corresponding election commission and receive certified samples of them;

a member of the Central Election Commission effective the day of the scheduling of the elections to the National Assembly until the announcement of their outcome shall have the right to free travel on rail, air, automotive, and water transportation and all types of urban passenger transportation (except taxis) on the territory of the Azerbaijan Republic.

Members of the election commission shall be prohibited from campaigning for or against candidate deputies and political parties (blocs of political parties) participating in the elections.

Article 20. Organization of the Work of Election Commissions

Deputy chairmen and secretaries of election commissions shall be elected at meetings of the commissions.

Meetings of the election commissions shall be authorized if no less than half the members of the commissions participate in them.

A decision of the commission shall be made by an open vote with a majority of votes. If the votes are divided equally, the chairman of the commission shall have the deciding vote. Members of the commission who do not agree with the decision shall have the right to submit in

writing a separate opinion which shall be appended to the protocol.

Decisions of election commissions adopted without exceeding their authority shall be binding for all participants in the election process.

All meetings of election commissions shall be public. Observers appointed by political parties (blocs of political parties), authorized representatives of candidate deputies nominated in single-mandate electoral districts, observers, and also representatives of the mass media may attend the meetings.

Article 21. Appeal of Decisions of Elections Commissions

Political parties, candidate deputies, their authorized representatives, observers, and voters may appeal decisions of the district election commission to the Central Election Commission no later than 10 days after they are adopted. The Central Election Commission must consider these complaints and make a decision within seven days.

Political parties, candidate deputies, their authorized representatives, observers, and voters may appeal decisions of the Central Election Commission to the Supreme Court of the Azerbaijan Republic no later than 10 days after they are adopted. The Supreme Court of the Azerbaijan Republic must consider the complaints and adopt a decision within three days.

In all cases when there are less than four days left before the elections, the complaints shall be considered immediately.

Article 22. Swearing in of the Chairman and Members of the Election Commission

The chairman and each of the members of the election commission before they begin to perform their duties shall take an oath with the following content: "I swear on my honor and conscience not to give in to any influence and to perform my duties involved in conducting the elections without being swayed by anyone and only on the basis of the law."

Article 23. Assisting Election Commissions

State organs, enterprises, institutions, and organizations and their officials shall be obliged to assist election commissions in the exercise of their authority and provide them with the necessary information.

State organs, enterprises, institutions, and organizations and their officials shall be obliged to consider requests made by the election commissions and give the election commissions a substantiated response within no more than three days.

Election commissions may hire workers for auxiliary work in compliance with the procedure established by the Central Election Commission.

Organs of local executive power, state enterprises, institutions, and organizations must place premises and structures at the disposal of the election commissions in order for them to prepare for and conduct the elections.

Article 24. Labor Compensation for Election Commissions

Chairmen and members of election commissions shall receive wages for their work on election commissions at rates submitted by the Central Election Commission and approved by the Cabinet of Ministers of the Azerbaijan Republic. Chairmen and members of election commissions who are employed at enterprises, institutions, and organizations who do not receive wages in connection with their activity on election commissions shall be paid remuneration by the state in the amount of the average wage in their main place of employment.

Article 25. Changes in the Composition of Election Commissions

In the event that the chairman or a member of the election commission violates his oath, does not perform the duties assigned to him or does not participate regularly in the commission's meetings and also if the grounds for their membership on the commission no longer exist, the organ that approved the composition of the commission may relieve them of their duties on the commission.

If necessary a new chairman or commission member shall be appointed according to the procedure established by the present Law.

Article 26. Compilation of Voter Lists

In order to conduct the elections, voter lists shall be drawn up for each electoral district. The lists shall be drawn up by local organs of executive power and, after approval by the managers of these organs, shall be turned over to the precinct election commissions no later than 30 days before the elections.

The precinct election commissions shall clarify and approve the voter lists sent to them. The approved voter lists shall be signed by the chairman and secretary of the precinct election commission.

Indicated on the list shall be the surname, given name, patronymic, date of birth, and address of the voter. The surnames of the voters shall be indicated in alphabetical order.

Article 27. General Procedure for Including Citizens on Voter Lists

The voter list of a given electoral precinct shall include citizens of the Azerbaijan Republic who have the right to vote who reside on its territory as of the time of the compilation of the list.

If the voter changes the place of his permanent residence after the beginning of the compilation of the list, he may be included on the voter list in the new place of residence if no later than 30 days before the elections he submits an application to the precinct election commission in the new place of residence to be included on the voter list. The precinct election commission must make sure that he is removed from the voter list of the precinct in his previous permanent place of residence.

Article 28. Inclusion on Voter Lists of Citizens of the Azerbaijan Republic Who Are Abroad

Citizens of the Azerbaijan Republic who are abroad no later than 40 days before the elections, if the Central Election Commission has not established a shorter period of time, shall submit an application to the diplomatic representative office of the Azerbaijan Republic to be included on the voter list.

Article 29. Inclusion of Military Servicemen on Voter Lists

Individuals on active duty or alternative service shall be included on voter lists of the electoral precinct on the territory where they are performing active military or alternative service.

Officers, warrant officers, and enlisted men who have extended their term of service shall be included on voter lists in the electoral precinct on the territory of their permanent residence.

Article 30. Inclusion of a Voter on Only One List

Each voter may be included on only one voter list. This shall be verified by the Central Election Commission. If it is discovered that a voter is included on voter lists of several electoral precincts, the district electoral commission no later than 20 days before the elections shall notify the voter that within 10 days he must indicate the electoral precinct on whose voter list he wishes to be included. If the voter does not make a decision within the established time period, the Central Election Commission at its own discretion shall include the voter on the voter list of the electoral precinct that is most convenient for him to vote in and within three days shall notify the voter of this. This decision of the Central Election Commission may not be appealed.

Article 31. Publication of Voter Lists

The precinct election commission no later than 20 days before the elections shall publish voter lists and create conditions for familiarization of voters with the given

list with an indication of the times and places for them to exercise their right to vote.

Article 32. Revision of Voter Lists

Each voter and each authorized representative of a candidate deputy or political party (bloc of political parties) no later than seven days before the election may notify the precinct electoral commission of incorrect information he has noticed on the voter lists. The precinct election commission shall be obligated to consider these remarks and within two days of the day they are received adopt a decision concerning them. The decision of the precinct election commission may be appealed within a two-day period to the district election commission; the district election commission shall be obligated to make a decision within two days of the time the complaint is received. This decision of the district election commission may be appealed to the Central Election Commission. The decision of the Central Election Commission shall be final.

Article 33. Complaints Regarding Restoration of the Right to Vote

A voter and also a representative of a political party (bloc of political parties) who because of mistakes made on the voter list is unable to exercise his right to vote shall no later than seven days before the elections lodge a complaint with the precinct election commission regarding these mistakes. The precinct election commission shall be obliged to consider the complaint and adopt a decision immediately or within two days of the receipt of the complaint if there are more than 10 days left before the elections.

The decision of the precinct election commission may be appealed to the rayon or city people's court within three days. The court shall consider the complaint within two days. The court decision shall be final.

If the time periods established for statements, remarks, or submission of complaints have expired, the remarks or complaints shall not be considered. Precinct election commissions within the shortest possible period of time but no more than 24 hours shall inform the Central Election Commission and the district election commissions of complaints received and corrections made on voter lists.

Article 34. Procedure for Nomination of Candidate Deputies

A citizen of the Azerbaijan Republic may nominate himself for a single-mandate electoral district taking into account the prohibitions and restrictions stipulated in the present Law if no less than 2,000 voters of the

corresponding electoral district give him their support in written form.

A political party (bloc of political parties) shall have the right to nominate candidate deputies both in multiple-mandate and in single-mandate electoral districts, taking into account the prohibitions and restrictions envisioned in the present Law if it has gone through the registration procedure for participation in the elections in compliance with the Law of the Azerbaijan Republic "On Political Parties" no later than 70 days before the elections and also has collected 50,000 signatures of voters in support of its participation in the elections. The procedure specified in part 1 of the present article shall apply to candidates nominated by a political party (bloc of political parties) in a single-mandate electoral district.

In order to participate in elections in a multiple-mandate district a political party (bloc of political parties) must submit to the Central Election Commission an application from its management organ as specified in its regulations. Appended to the application must be the basic list of the political party (bloc of political parties) which consists of 25 candidates and a reserve list not to exceed 20 percent of the number of candidates nominated and also documents concerning the employment of the candidates. If the prohibitions and restrictions envisioned by the present Law regarding the nomination of candidate deputies do not apply to the individuals included on these lists, the Central Election Commission shall issue the political party (bloc of political parties) signature sheets on the form indicated in Appendix 2 to the present Law.

Article 35. Requirements for Candidate Deputies

Individuals in elected or appointed positions in state organs, with the exception of deputies of the National Assembly, and also citizens engaged in entrepreneurial, commercial, and other paid activity, if they agree to be nominated as a candidate deputy or they have nominated themselves must no sooner than 50 days and no later than 30 days before the voting indicate their desire to be relieved of the position they occupy. A statement regarding this shall be submitted to the district election commission. The district election commission shall immediately forward this application to the corresponding state or nonstate organ or official. The corresponding state or nonstate organ or official shall within 10 days make a decision on relieving the citizen of his duties.

When judges, employees of law enforcement organs and officers, warrant officers, petty officers, and sergeants of the armed forces of the Azerbaijan Republic are nominated, the signature lists shall be issued to their representatives or the representatives of the political

party (bloc of political parties) that nominated them only upon presentation of a document confirming the release of the aforementioned individuals from the positions they hold.

Article 36. Procedure for Collecting Voter Signatures

The collection of voter signatures necessary for a citizen of the Azerbaijan Republic to nominate himself and for a political party (bloc of political parties) to nominate candidates shall begin 55 days before and end 30 days before the day of the elections. The list of individuals collecting signatures shall be promptly submitted to the corresponding electoral district by the citizen of the Azerbaijan Republic who is nominating himself or the leadership of the political party (bloc of political parties) submitting a list of candidates.

For purposes of collecting the voter signatures necessary for a citizen of the Azerbaijan Republic to nominate himself, signature sheets shall be manufactured on the form indicated in Appendix 1 to the present Law. The surname, given name and patronymic, date of birth, employment, and place of permanent residence shall be indicated on each sheet.

For purposes of collecting voter signatures necessary for political parties (blocks of political parties) to submit a list of candidates, signature sheets shall be manufactured on the form indicated in Appendix 2 to the present Law. Indicated on each signature sheet shall be the surname, given name, patronymic, date of birth, employment, and place of permanent residence of the first 10 candidates included on the list of candidates. At the request of the voter, the individual collecting the signatures must show him the entire list.

A voter who signs a signature sheet must indicate his surname, given name, patronymic, year of birth, address, and the series and number of the document that identifies him as a citizen of the Azerbaijan Republic.

In cases envisioned in part 1 of the present article the signature sheet shall be verified by individuals who nominate themselves and by authorized representatives of the political party (bloc of political parties) collecting the signatures. The surname, given name, patronymic, and address of the individual collecting the signatures and the series and number of the document certifying his identity must be indicated on the signature sheet.

Citizens of the Azerbaijan Republic residing abroad may send signature sheets through diplomatic representative offices of the Azerbaijan Republic in the states of their residence, and in the absence of these—through the corresponding diplomatic representative offices in nearby states.

The authenticity of the signatures may be verified by the Central and district election commissions.

Article 37. Notification Documents of the Nomination of Candidates

Citizens of the Azerbaijan Republic who have nominated themselves as candidate deputies must submit to the district election commissions the following notification documents:

- 1) an application for nomination as candidate deputy in a single- mandate electoral district;
- 2) a document with the signatures of no less than 2,000 voters of the corresponding electoral district who support the given candidate;
- 3) a document confirming the payment of an election deposit in the amount of 25 times the minimum wage.

Political parties (blocs of political parties) that nominate candidates must submit to the Central Election Commission the following notification documents:

- 1) applications from political parties (blocs of political parties) concerning participation in the elections with an indication of the electoral districts in which they intend to nominate their candidates;
- 2) in compliance with the requirements of the present Law, regulations, changes, and other documents concerning registration and lists of voter signatures;
- 3) basic and reserve lists which include in order candidates from the multiple-mandate electoral district (the list of candidates must be approved at the congress or conference of the political party or political parties included in their bloc unless otherwise stipulated in the regulations of the political party or documents of the bloc of political parties);
- 4) excerpts from decisions of congresses or conferences of political parties (blocs of political parties) and a document with no less than 2,000 signatures of voters for the nomination of candidates from the single-mandate electoral district unless otherwise stipulated in their regulations;
- 5) the written consent of the candidates for nomination in a single-mandate electoral district;
- 6) a document confirming the payment of an election deposit in the amount of 25 times the minimum wage multiplied by the number of candidates on the list;
- 7) documents confirming the payment of an electoral deposit in the amount of 25 times the minimum wage for each candidate nominated by the political party (bloc of political parties) in a single- mandate electoral district.

At the same time it is necessary to indicate the surname, given name, patronymic, date of birth, and place of residence of all candidates and to submit a document certifying that they are citizens of the Azerbaijan Republic.

The electoral deposit shall not be returned and shall be transferred into the state budget.

The presentation of notification documents shall begin 55 days before the election and end 30 days before.

The Central Election Commission within two days after receiving the notification documents from the political parties (blocs of political parties) participating in the elections must apply for confirmation of the fact of its registration to the corresponding state organ. A written answer must be received within two days.

Upon receipt of information about violations committed in the registration of the political party (bloc of political parties) the Central Election Commission must immediately report this to the authorized representative of the political party (bloc of political parties).

Article 38. The Authorized Representative in the Elections

A citizen of the Azerbaijan Republic nominated in a single- mandate electoral district may submit to the district election commission the names of up to 15 citizens who have the right to vote to be registered as authorized representatives and a political party (bloc of political parties) nominating a list of candidates for voting in a multiple-mandate electoral district—the names of up to 45 citizens.

When submitting pre-election notification documents, an individual candidate or political party (bloc of political parties) must indicate the surnames, given names, patronymics, and addresses of their authorized representatives in the elections.

The authorized representative in the elections shall carry out individual instructions from the candidate deputy or political party (bloc of political parties) participating in the elections, he may campaign for the candidate (or political party (bloc of political parties) or against their competitors, and he shall have the right to demand that the election commissions comply with the provisions of the present Law and appeal decisions of the precinct election commission to the district election commission, decisions of the district election commission to the Central Election Commission, and decisions of the Central Election Commission to the Supreme Court of the Azerbaijan Republic, and on the day of the elections he may observe the work of the precinct election commissions and the counting of the votes.

The authorized representative in the elections must not intervene in the work of the election commissions or impede their functioning.

Article 39. Nomination of Candidate Deputies and Their Inclusion on Lists of Candidates

One and the same candidate shall not be allowed to run in two or more election districts.

A citizen who has nominated himself to participate in the elections in a single-mandate electoral district may submit an application to only one of the corresponding district election commissions and shall not have the right to run simultaneously in a multiple-mandate electoral district.

Each candidate deputy in a multiple-mandate electoral district may be included on lists of candidates of only one political party (bloc of political parties). An individual included on such a list shall not have the right to nominate himself or be nominated in a single-mandate electoral district.

In the event that a citizen of the Azerbaijan Republic is included on candidate lists of more than one political party (bloc of political parties) or has simultaneously been nominated as a candidate in a single-mandate electoral district, the Central Election Commission must demand that he make a choice of the political party (bloc of political parties) on whose list he wishes to be a candidate or single-mandate electoral district in which he would like to run. If the candidate has not reported on this 20 days before the elections, his name shall be removed from all lists of candidates in multiple-mandate electoral district and single-mandate electoral districts.

Article 40. The Right to Withdraw Pre-Election Notification Documents

A citizen of the Azerbaijan Republic who has been nominated in a single-mandate electoral district or is on the list of a political party (bloc of political parties) and also a political party (bloc of political parties) may no later than seven days before the election at any time withdraw pre-election notification documents. To do this it shall be necessary to apply in writing to the Central Election Commission and inform the corresponding political party (bloc of political parties).

If pre-election notification documents are withdrawn by a political party included in a bloc, the name of the candidate shall be removed from the combined list of candidates. In this case the bloc shall be renamed and the partners in the bloc shall be notified of this in writing. If after the withdrawal of pre-election notification documents candidates from only one political party re-

main on the list, they shall participate in the elections only as candidates of that party.

Article 41. Declaration of Lists of Candidates

The Central Election Commission no later than 20 days before the election shall publish the list of candidate deputies in single-mandate electoral districts and also candidates from political parties (blocs of political parties) participating in the elections.

To this end, after the expiration of the time period for submitting lists of candidates the corresponding state organ within one day, fulfilling the requirement of the Central Election Commission, shall officially confirm which political parties, in compliance with legislation, have gone through registration and which political parties' activity has been suspended or terminated. The next day after receipt of the official confirmation the Central Election Commission in compliance with the present Law according to the procedure established by it shall register political parties (blocs of political parties) for participation in the elections and in the presence of authorized representatives of political parties (blocs of political parties) through casting lots shall organize the assignment of numbers in order to the political parties (blocs of political parties) participating in the elections with separate lists.

The day of the declaration of the lists of candidates is considered to be the day of the beginning of the election campaign.

Article 42. The Right of Candidate Deputies to Speak at Meetings, To Use the Mass Media, and To Receive Information

After the declaration of the lists of candidates in the electoral districts, the candidate deputies shall have the right to speak and declare their election program at meetings, in conferences, in assemblies, and in the state mass media.

Managers of state organs, enterprises, institutions, and organizations shall be obliged to render assistance to candidate deputies in organizing meetings with voters and obtaining the necessary information with the exception of cases envisioned by law.

Article 43. Liability for Violation of the Present Law

Individuals who impede through violence, deception, threats, or other means the exercise of the right to vote and be elected to the National Assembly and to organize and election campaign and also members of election commissions and other officials who forge election documents, count votes incorrectly, violate the secrecy of voting, or allow other violations of the present Law

shall be held liable in compliance with legislation of the Azerbaijan Republic. Individuals who publish or in other ways distribute false information about a candidate deputy or who impede the candidates' meetings with voters shall also be held liable in compliance with the procedure established by legislation.

Article 44. Immunity of Candidate Deputies

During the period of the election campaign and also after the elections but before the publication of their results, the candidate deputy may not be held criminally liable, arrested, or subjected to measures of administrative punishment imposed judicially for actions committed by him during the period of the election campaign, he may not be held under guard or subjected to other restrictive measures, and his residence may not be searched without the consent of the Central Election Commission.

Article 45. Participation of Observers During the Course of the Elections

Candidates and political parties (blocs of political parties) participating in the elections shall have the right to appoint representatives to observe the course of the elections. Each candidate and each political party (bloc of political parties) participating in the elections shall appoint observers in a number equal to the number of voter precincts in the electoral district in which the candidate or list of candidates is running under the condition that the observer appointed by the political party (bloc of political parties) for a multiple-mandate electoral district is also considered to be the observer of an individual nominated as a candidate in a single-mandate electoral district from the same party.

The National Assembly and Central Election Commission of the Azerbaijan Republic no later than 30 days before the elections must apply to foreign states and international organizations requesting that they send observers to the elections.

Individuals observing the course of the elections shall be issued credentials on the established form by the Central Election Commission.

The observers may appeal a decision of a precinct election commission to the district election commission, decisions of the district election commission—to the Central Election Commission, and decisions of the Central Election Commission—to the Supreme Court of the Azerbaijan Republic. On the day of the voting observers shall have the right to demand of the chairman and members of the precinct election commission and also citizens present in the polling places that they observe the present Law and other laws of the Azerbaijan Republic.

Precinct election commissions on the day of the voting must create conditions for the observers to observe the course of the voting and the counting of the votes.

Individuals observing the course of the elections must not intervene in the activity of the election commissions or impede their functioning.

Article 46. Fundamentals of Election Campaigning

After the Central Election Commission has announced the lists of candidate deputies in single-mandate electoral districts and also candidates nominated by political parties (blocs of political parties) participating in the election, they may begin their election campaign.

During the period of the election campaign it shall be prohibited to win votes of voters by bribery, presents, gifts, or the distribution of food or industrial goods. Participation in the elections by candidate deputies or political parties (blocs of political parties) who have committed such actions shall be prohibited by a decision of the Central Election Commission.

It shall be prohibited to conduct campaign activity in courts, the procuracy, in police and other law enforcement organs and institutions, and in military units.

Election campaigning may be carried out in any forms and by any means with the exception of those that violate the Constitution and laws of the Azerbaijan Republic.

Citizens conducting election campaigns must observe the generally accepted rules of ethics.

Article 47. Conditions and Procedure for the Utilization of the Mass Media

Individual candidates and also political parties (blocs of political parties) that nominate candidates shall be granted the right to use of state mass media free of charge. The specific number and time of radio and television broadcasts intended for election campaigning shall be determined in coordination with the leaders of state radio and television of the Azerbaijan Republic and the Central Election Commission and shall be distributed by it according to the principle of equality among individuals who have nominated themselves and political parties (blocs of political parties) participating in the elections. During the period of the election campaign, individuals who have nominated themselves shall be granted no less than five minutes and each political party (bloc of political parties) no less than 45 minutes of air time on state television.

Individuals who have nominated themselves may during the period of the election campaign publish a text of

their campaign program no more than one typewritten page long and every political party (bloc of political parties) participating in the elections—no more than three typewritten pages free of charge in state newspapers. Campaigning in the private mass media shall be limited to the amounts of the election accounts.

During the course of the election campaign it shall be prohibited to publish the results of public opinion polls on the ratings of individual candidates and candidates nominated by political parties (blocs of political parties). All disputes regarding election campaigning shall be resolved by the Central Election Commission according to the principle of equality of individual candidates and candidates of political parties (blocs of political parties).

If the mass media have published or conveyed materials that compromise a candidate deputy or a political party (bloc of political parties) participating in the elections, they must no later than four days before the elections offer this candidate or political party (bloc of political parties) an opportunity to express an opposing opinion.

Article 48. Prohibition on Influencing the Expression of the Will of the Voters

During the course of the election campaign officials of state organs, enterprises, institutions, and organizations shall be prohibited from using their official position to conduct campaigning in any form or through any other means try to exert an influence on the expression of the will of the voters.

Article 49. Financing the Election Campaign

Election campaigning shall be financed according to the procedure established by the Central Election Commission with funds allocated from the budget of the Azerbaijan Republic and also funds accumulated by independent candidate deputies and political parties (blocs of political parties) in special election accounts.

In compliance with Article 47 of the present Law the time used by candidates on state radio and television and the publication in state newspapers of election programs and lists of candidates of political parties (blocs of political parties) participating in the election shall be paid for with state funds.

Monitoring of the utilization of funds intended for election campaigning shall be provided by the financial organs and the Central Election Commission. In the event that the candidate deputies and political parties (blocs of political parties) use funds from nonelection accounts for campaigning, the Central Election Commission shall have the right to prohibit the participation in the elections of the given candidate deputies or political parties (blocs of political parties). Reports on the sources and

utilization of funds intended for election campaigning must be published in the press by political parties (blocs of political parties) no later than 15 days after the elections.

Article 50. Prohibition of Campaigning on the Day of the Elections

Election campaigning is prohibited for 24 hours before the day of the elections. There must be no visual campaign aids in the polling place or within a radius of 100 meters around it. The precinct election commission shall be responsible for making sure that there are no visual campaign aids in the polling place or within a radius of 100 meters around it.

Article 51. Establishment of Sample Election Documents

Samples and forms of ballots, envelopes, documents, stamps, and also samples of filling them out shall be established by the Central Election Commission.

Article 52. Ballots

For elections to the National Assembly each voter shall be issued two ballots: one—for voting for a deputy in a specific single-mandate district, and the other—for a list of candidates from a political party (bloc of political parties) in a multiple-mandate district. The ballot for a single-mandate district shall include the candidate deputies in alphabetical order with an indication of the surname, given name, and patronymic of each of them and the name of the political party (bloc of political parties) that nominated them.

The ballot for a multiple-mandate electoral district shall include in alphabetical order the names of the political parties (blocs of political parties) nominating lists of candidates. The emblem of the political party (bloc of political parties) may be placed on the ballot next to its name.

Article 53. Delivery of Ballots to the Polling Places

Five days before the elections the Central Election Commission must deliver ballots to the district election commissions. The district election commissions must release the ballots to the electoral precincts 24 hours before the elections.

In diplomatic missions of the Azerbaijan Republic and on ships at sea under the State Flag of the Azerbaijan Republic the voters must be given a chance to vote no later than 10 days before the election.

The Central Election Commission shall be responsible for issuing and delivering ballots without violating the aforementioned deadlines.

SECTION 3

CONDUCTING THE ELECTIONS

Article 54. Time and Place of Voting

The voting shall be conducted in the premises indicated by the precinct election commission on the day of the elections from 0800 to 2200. The voter shall vote in the electoral precinct on whose list he is included unless otherwise established by the present Law.

Article 55. Provision of Equipment for Premises on the Day of the Voting

The requirements regarding equipment for voting shall be established by the Central Election Commission.

The voting booth must be established in such a way that nobody can see the voter inside it.

The text of the present Law must be posted in each electoral precinct in a place convenient for it to be read. A list of candidates running in the corresponding electoral precinct and lists of candidates of political parties (blocs of political parties) must be posted in the polling place.

No other political or social measures shall be permitted in the polling place.

Article 56. The Beginning of the Voting

On the day of the elections the polling places shall be opened only in the presence of no less than half the members of the precinct election commission. Then the chairman of the precinct election commission along with its members shall verify that the ballot box is empty and seal it. Having ascertained that the polling place is ready for the elections without violation of the established requirements, the chairman of the precinct election commission shall distribute ballots and lists of voters to members of the commission and open the doors of the polling place, thus declaring the beginning of the voting. The number of ballots distributed shall be entered in the counting protocol for the electoral precinct.

Article 57. Establishment of the Identity of the Voter

The voter when entering the polling place shall present to a member of the precinct election commission a document certifying his identity and citizenship and shall sign the voter list.

After the voter has signed the list he shall be issued his ballots.

Article 58. Voting Procedure

Having received his ballots, the voter shall enter the voting booth and fill out the ballots.

On the ballot for the single-mandate electoral district the voter shall leave the name of the candidate deputy for whom he is voting and cross out the rest, and on the ballot for the multiple-mandate electoral district he shall leave the name of the political party (bloc of political parties) whose list of candidates he supports, and cross out the rest of the names. The voter shall personally drop the completed ballot in the ballot box.

At the request of the voter a damaged ballot shall be replaced with a new one. The member of the election commission who issues the new ballot shall cross out the damaged ballot, sign it, and this ballot shall be stored separately.

A voter who because of disability is unable to fill out the ballot and drop it in the ballot box by himself may indicate the individual to whom he has entrusted this (with the exception of the chairman or a member of the election commission).

On the day of the elections, for voters residing in remote locations or under isolated conditions for whom coming to the polling place would entail great costs or a significant amount of time, the ballots must be delivered by no less than two members of the precinct election commission.

Article 59. Conducting the Voting in Diplomatic Missions

Voting in diplomatic missions of the Azerbaijan Republic may be conducted during work time, for which no less than four hours in the day may be allotted. The list of diplomatic missions in which voting will take place and the days of the voting (for each diplomatic mission no less than five days) shall be established by the Central Election Commission in coordination with the Ministry of Foreign Affairs. The responsibility for organizing the voting shall be borne by the leader of the diplomatic mission.

Article 60. Conducting the Voting on Ships at Sea Under the State Flag of the Azerbaijan Republic

If a ship at sea under the State Flag of the Azerbaijan Republic has left a port of the Azerbaijan Republic no later than six days before the election and has not returned as of the day of elections or for other reasons a member of the crew or a passenger of the ship with the right to vote cannot vote in his electoral precinct, the voting shall be conducted on the ship. The list of ships where voting shall take place and the time of the voting on each ship shall be established by the Central Election Commission in coordination with authorized state organs. Each voter on a ship shall be given the opportunity to vote. The ship's captain shall be responsible for conducting the voting on the ship.

Article 61. Procedure for Conducting Voting in Diplomatic Missions of the Azerbaijan Republic and on Ships at Sea Under the State Flag of the Azerbaijan Republic

The procedure for conducting voting in diplomatic missions of the Azerbaijan Republic and on ships at sea under the State Flag of the Azerbaijan Republic shall be established by the Central Election Commission of the Azerbaijan Republic.

Article 62. Conducting Voting in Military Units

Voting in units of the Armed Forces of the Azerbaijan Republic of domestic and border troops of the Azerbaijan Republic and in units of other armed formations envisioned by legislation shall be conducted in electoral precincts formed within them.

Article 63. Conducting Voting in Medical Institutions and Social Institutions for Tutorship and Guardianship

Inhabitants of medical institutions and social institutions of tutorship and guardianship who are capable of moving shall vote in these institutions independently in polling places assigned according to the procedure established by the Central Election Commission.

Inhabitants of social institutions of tutorship and guardianship who are unable to move shall be visited by members of precinct election commissions especially assigned for this. An individual participating in the voting under conditions created for him in order to ensure secrecy of voting must personally fill out the ballot and place it in the envelope for voting. If necessary he may take advantage of the assistance of an authorized representative. On instructions from the manager of the medical institutions or social institutions of tutorship and guardianship, it may be prohibited to cause a patient in this condition disturbance because of voting.

If the medical commission according to the procedure established by the Ministry of Public Health produces findings regarding an individual who because of chronic mental illness, feeble-mindedness, or short-term disturbances of the psyche during the time of voting does not recognize the essence of his actions and cannot control them, it shall also be prohibited to disturb such an individual because of voting.

Article 64. Conducting Voting in Places of Incarceration

Voting in places of incarceration shall be conducted according to the procedure established by the Central Election Commission.

Article 65. Participation in Voting by Citizens of the Azerbaijan Republic Who During the Time of a Preliminary Investigation Have Been Subjected to Measures To Ensure Their Appearance in Court in

the Form of Being Held under Guard or Who Are Being Detained in Solitary Confinement Until a Court Sentence Assumes Legal Force

Citizens of the Azerbaijan Republic who during the time of a preliminary investigation have been subjected to measures to ensure their appearance in court in the form of being held under guard or who are being detained in solitary confinement until a court sentence assumes legal force shall participate in the voting for elections to the National Assembly according to the procedure established by the Central Election Commission.

Article 66. Observance of Public Order When Conducting Elections

When conducting elections it is necessary to observe public order. Members of the corresponding precinct election commission shall have the right to demand that individuals disturbing public order in the polling places calm down or leave the polling place.

SECTION 4

DETERMINATION OF THE RESULTS OF THE ELECTIONS

Article 67. Accounting for Ballots

After the closing of the polling place the chairman and members of the election commission shall collect the unused ballots, recount them, and make sure that no ballots were issued illegally.

Unused and damaged ballots shall be counted and voided, placed in envelopes especially intended for this purpose, and sealed.

Article 68. Counting the Number of Voters Who Voted in the Election Precinct

The number of voters in the electoral precinct and the number of voters who voted are determined according to the list of voters in the electoral precinct.

The precinct election commission shall inspect the ballot box to determine the probability that it has been opened or other signs indicating that ballots have been removed from it by other means. If there are such signs, a document shall be drawn up and the votes shall not be counted.

The precinct election commission, having been convinced that the ballot box has not been damaged, shall open it and begin to count the votes.

The votes shall be counted in such a way that all individuals in attendance will have an opportunity to observe this process. The specific procedure for

counting the votes shall be established by the Central Election Commission.

Article 69. Protocols for Counting Votes in the Electoral Precinct

Two protocols for counting votes shall be drawn up in each electoral precinct—for single-mandate and multiple-mandate electoral districts. The following shall be entered in the protocols:

- 1) the number of voters in the electoral precinct;
- 2) the number of voters who voted in the electoral precinct;
- 3) the number of ballots issued to members of the commission;
- 4) the number of unused ballots;
- 5) the number of damaged ballots;
- 6) number of invalid ballots;
- 7) the number of valid ballots.

Also entered in the protocols for counting the votes shall be: for a single-mandate electoral district—the number of votes cast for each candidate deputy, and for a multiple-mandate electoral district—the number of votes cast for the list of candidates nominated from each political party (bloc of political parties).

Both protocols for counting votes in the electoral precinct shall be signed by the chairman and members of the precinct election commission.

Article 70. Invalid Ballots

The following shall be considered invalid:

- 1) ballots that do not correspond to the established model;
- 2) ballots that have not been validated by the stamp of the corresponding electoral precinct;
- 3) ballots that do not belong to the corresponding electoral district;
- 4) ballots on which the names of more than one candidate or the names of more than one political party (bloc of political parties) have been left.

The decision to declare ballots invalid shall be made by the district election commission.

Article 71. Submission of Documents for Counting Votes in the Electoral Precinct to the District Election Commission

The precinct election commission, having placed in the envelope all the ballots, including invalid and unused ones, protocols for counting the votes, lists

of voters, and other election documents, shall seal it according to the procedure established by the Central Election Commission. No later than 12 hours after the completion of the voting the envelope shall be submitted to the district election commission unless otherwise established by the Central Election Commission.

The Central Election Commission and the Ministry of Internal Affairs must provide for the transportation of the election document and the safety of the individuals transporting them.

Article 72. Counting Votes in the District Election Commission

After obtaining from the election precincts all documents for counting the votes, the district election commission shall begin to count the votes.

Article 73. Other Protocols for Counting Votes in the Electoral District

In compliance with the protocols for counting votes in the electoral precincts, the district election commission shall establish:

- 1) the number of votes cast and valid ballots in the electoral precincts;
- 2) the number of invalid ballots in the electoral district;
- 3) the number of votes cast for each candidate (each list of candidates).

These figures shall be entered on the protocol for counting votes in the district, which shall be signed by the chairman and members of the district election commission. A separate protocol concerning the results of elections in a single-mandate electoral district shall be drawn up according to the same procedure.

Article 74. Establishment of the Results of the Elections in Single-Mandate Electoral Districts

Elections in single-mandate electoral districts shall be declared valid if more than 50 percent of the voters included on the voter lists of the corresponding electoral district have participated in them. The candidate for whom more than half of the voters who participated in the elections have voted shall be declared elected.

If more than two candidates have run in an electoral district and none of them has been elected as deputy, the Central Election Commission within no more than two weeks shall conduct repeat voting observing the requirements of the present Law. The two candidates who receive the largest number of votes during the first voting shall participate in the repeat voting. After the repeat voting, the candidate who has received the largest number of votes of the voters shall be considered

elected. If an equal number of votes have been cast for each of the candidates, repeat elections shall be held.

If less than half the voters have participated in the voting in a single-mandate district or two candidates have run and neither of them has been elected, then repeat elections shall be held within no more than three months.

Article 75. Establishment of the Results of the Elections in a Multiple-Mandate Electoral District

Elections in a multiple-mandate electoral district shall be deemed valid if more than 50 percent of the voters have participated in them.

A political party (bloc of political parties) may receive a deputy mandate only if no less than 8 percent of the voters participating in the elections have voted for the list of candidates it has submitted.

The distribution of mandates among the political parties (blocs of political parties) shall be in proportion to the number of votes received by each political party (bloc of political parties) based on methods of quotes and residuals. To do this it is first of all necessary to determine the electoral quota by dividing the overall number of voters who have voted by the number of mandates in the multiple-mandate electoral district; this quota indicates the number of votes required to obtain one mandate. Then the number of votes received by each basic list of candidates of political parties (blocs of political parties) is divided by the electoral quota. The figure obtained this way indicates the number of mandates awarded to it. The remaining mandates are awarded by the method of the greatest residual, that is they are consistently distributed among the lists of candidates with the greatest numbers of votes left over after the preceding distribution.

Candidates included on one list shall receive mandates in the sequential order indicated in the notification documents of the political party (bloc of political parties).

If less than 50 percent of the voters have participated in the voting in a multiple-mandate electoral district or none of the political parties (blocs of political parties) participating in the elections has received more than 8 percent of the votes, repeat elections shall be held within no more than six months.

Article 76. Submission of Documents for Counting Votes in Electoral Districts to the Central Election Commission

The district electoral commission shall place the documents received from the electoral precincts, the protocols for counting the votes in the electoral district, the

protocols on the results of the elections in the electoral districts, and other election documents in a special envelope and seal it. The envelopes shall be submitted to the Central Election Commission by the deadline established by it.

Article 77. The Presence of Observers When Counting the Votes and Determining the Results of the Elections

When the votes are being counted in the electoral precincts and electoral districts and also when the results of the elections in the electoral districts are being determined, observers from political parties (blocs of political parties) and candidates deputies and also representatives of the mass media may be present.

Observers shall have the right to express opinions and remarks concerning violations of the present Law and other laws of the Azerbaijan Republic, but they must not hamper the work of the election commissions. Observers may submit their objections in writing. These objections along with other electoral documents of the electoral precinct shall be submitted to the district election commission. Representatives of the mass media shall be prohibited from releasing information on the counting of the votes and the results of the elections by audio or video tapes, verbally or in writing, or in any other form before the report is made public by the Central Election Commission.

Article 78. Publication of the Results of the Elections

The final results of the elections (with the exception of repeat voting) shall be made public by the Central Election Commission no later than seven days after the elections.

Article 79. Certification of the Election of a Deputy

The Central Election Commission within three days after the results of the elections have been made public shall issue to the elected deputies certificates of their election as deputies. All complaints about failure to issue certificates of election shall be considered within no more than three days by the Supreme Court of the Azerbaijan Republic. Its decision shall be final.

Article 80. Replacement of Former Deputies

In the event of the death of a deputy or the impossibility of his performing his deputy duties or the early suspension of his term of office:

1) if he has been elected deputy on the basis of the majority electoral system, in the single-mandate electoral district where he was elected according to the procedure envisioned by the present Law, new elections shall be held;

2) if he was elected deputy on a list of candidates of a political party (bloc of political parties), the first of the candidates who was on the main list of candidates but was not elected shall replace him, that is shall become a deputy. If all the individuals on the main list of candidates have been elected as deputies, the deputy who has departed shall be replaced by the first of the candidates on the reserve list of the political party (bloc of political parties) according to the procedure established by the present law.

Article 81. Repeat Elections

Repeat elections shall be held:

1) within no more than three months in the electoral districts where elections were not held or were declared invalid;

2) in cases indicated in Articles 74 and 75 of the present Law.

The day and the procedure for conducting the repeat elections shall be established by the Central Election Commission.

Article 82. Declaring Elections Invalid

If during the course of the elections there has been falsification of electoral documents or other illegal actions have been committed that have had a significant impact on the results of the elections, the elections shall be declared invalid.

Each independent candidate and each political party (bloc of political parties) participating in the elections may appeal the invalidation of the elections to the Constitutional Court of the Azerbaijan Republic within five days of the time the results of the election were made public.

The Constitutional Court of the Azerbaijan Republic shall consider the appeal concerning the declaration of the elections to be invalid within 15 days. Its decision shall be final.

SECTION FIVE

FINAL POINTS

Article 83. Revocation of the Deputy Mandate

The deputy mandate shall be revoked:

1) if it is discovered that the votes were counted incorrectly at the time of the elections;

2) if the deputy has renounced his citizenship in the Azerbaijan Republic or accepted citizenship in another country;

3) if he has committed a crime or a court judgment has taken legal force;

4) if he holds a position in state organs and is engaged in entrepreneurial, commercial, or other paid activity (with the exception of scholarly, pedagogical, and creative activity);

5) if he personally renounces it;

6) upon prohibition in compliance with legislation of the Azerbaijan Republic of the activity of the political party (bloc of political parties) to which the deputy belongs.

A personal renunciation of the deputy mandate shall be declared valid if this renunciation is included in the stenographic report of the session of the National Assembly. In this case the renunciation of the deputy mandate may be withdrawn.

Article 84. Decision on Revocation of a Deputy Mandate

A decision to revoke the deputy mandate may be made by:

1) the Central Election Commission of the Azerbaijan Republic—in cases that correspond to Point 1 of Article 83 of the present Law;

2) the president of the Azerbaijan Republic—in cases that correspond to Points 2 and 4 of Article 83 of the present Law;

3) the Supreme Court of the Azerbaijan Republic when there is a dispute—in cases that correspond to Points 3 and 6 of Article 83 of the present law;

4) the chairman of the National Assembly—in cases that correspond to Point 5 of Article 83 of the present Law.

In the event of a dispute over the fact of the deputy's engagement in activity that is incompatible with his deputy status, this fact shall be confirmed through the courts.

Article 85. Transition Provisions

Keeping in mind the existence of a transition period in the state construction of the Azerbaijan Republic, by a decision of the Central Election Commission in the first elections to the National Assembly conducted on the basis of the present Law, for certain candidates and deputies exceptions may be made to the first part of Article 35 and Point 4 of Article 83 of the present Law. The number of candidate deputies registered with these exceptions may not exceed 15 percent of the overall number of deputies to the National Assembly of the Azerbaijan Republic.

In cases specified in the first parts of Articles 9 and 13 of the present Law, until the election of the new National Assembly the corresponding authority shall be exercised by the Supreme Council of the Azerbaijan Republic.

In the case envisioned in Article 82 of the present Law, until the creation of the Constitutional Court of the Azerbaijan Republic such decisions shall be made by the Supreme Court of the Azerbaijan Republic.

The term of office of the Supreme Council of the Azerbaijan Republic shall expire on the day of the first

session of the new National Assembly elected on the basis of the present Law.

Article 86. The Enactment of the Law

The present law shall be enacted the moment it is signed.

[Signed] President of the Azerbaijan Republic Geydar Aliyev

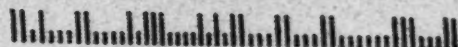
Baku, 12 August 1995

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